

**ANNUAL  
FINANCIAL REPORT  
OF THE  
CITY OF LE MARS, IOWA  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2014**

Prepared by the  
Finance Department  
Bill Cole, Assistant City Administrator/Finance Director

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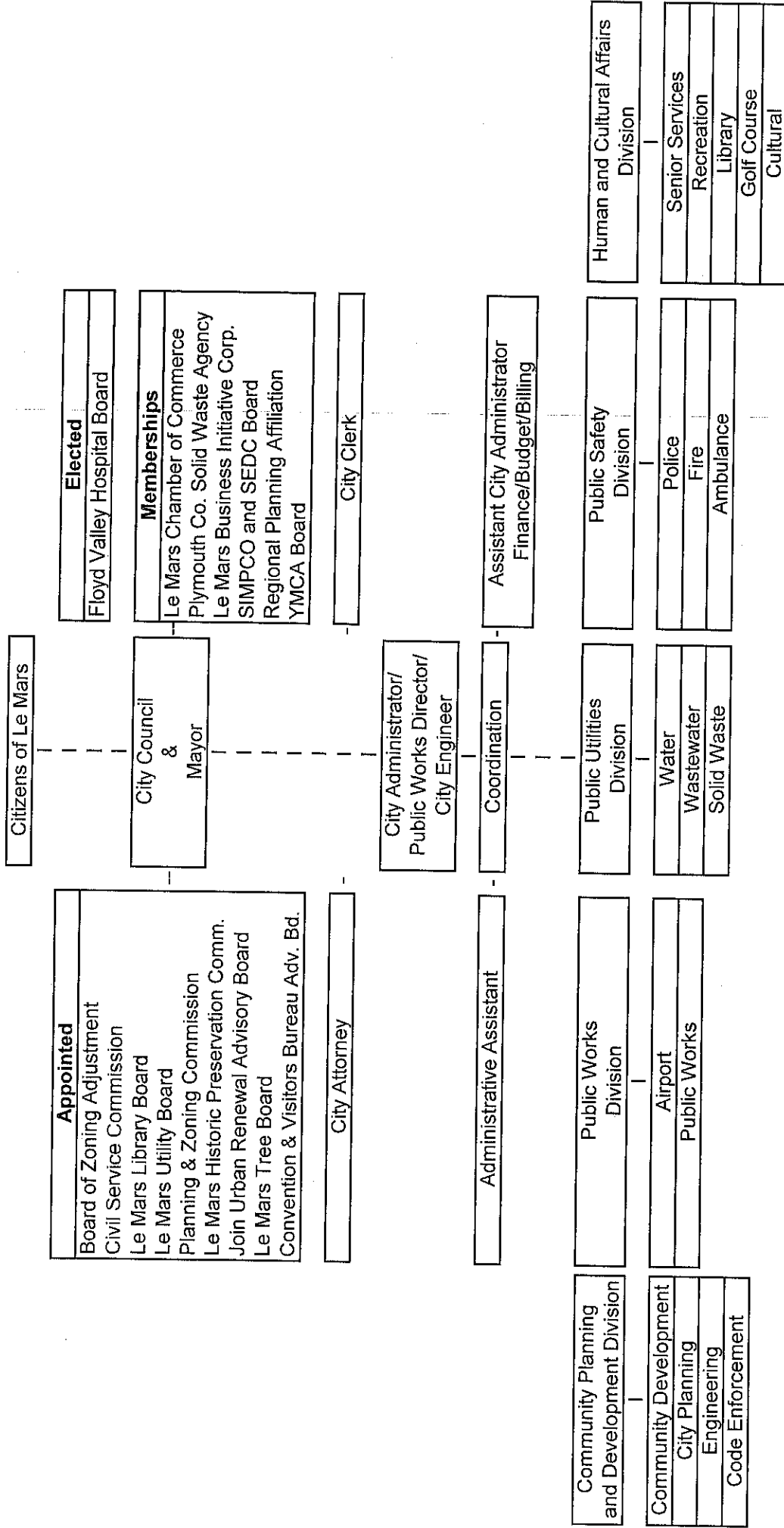
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# City of Le Mars, Iowa Organizational Chart



# CITY OF LE MARS

## List of Principal Officials June 30, 2014

Title	Name
Mayor .....	Dick Kirchoff
Council Member and Mayor Pro-Tem.....	Rex Knapp
Council Member.....	Clark Goodchild
Council Member.....	Delana Ihrke
Council Member.....	Kenneth Nelson
Council Member.....	John Rexwinkel
City Clerk/Treasurer .....	Beverly Langel
City Attorney.....	Joseph Flannery
City Administrator/Public Works Director/City Engineer .....	Scott Langel
Assistant City Administrator/Finance Director .....	Bill Cole
Code Enforcement Officer .....	Jason Vacura
Chief of Police.....	Stuart Dekkenga
Fire Chief.....	David Schipper
Wastewater Superintendent.....	Ron Kayser
Assistant Wastewater Superintendent.....	William Morgan
Water Superintendent.....	Gayle Sitzmann
Mapping Manager .....	James Conley
Ambulance Director .....	Bill Rosacker
Golf Course Manager.....	Doug Schultz
Library Director .....	Shirley Taylor
Airport Manager .....	Earl Draayer
Public Works Superintendent.....	Steve Hansen
Assistant Public Works Superintendent.....	Brad Eppling



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## **INDEPENDENT AUDITOR'S REPORT**

The Mayor and Members of the  
City Council  
City of Le Mars, Iowa

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the CITY OF LE MARS, IOWA, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Floyd Valley Municipal Hospital (a discretely presented component unit), which statements reflect total assets of \$34,506,994 as of June 30, 2014 and total operating revenues of \$34,994,774 for the year then ended. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion insofar as it relates to the amounts included for Floyd Valley Municipal Hospital, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also

includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Le Mars, Iowa as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress for the retiree health plan on pages 6 through 15 and 59 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements and supplementary statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The supplementary statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2015, on our consideration of the City of Le Mars's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Le Mars's internal control over financial reporting and compliance.

*Williams & Companies, P.C.*  
Certified Public Accountants

Le Mars, Iowa  
March 9, 2015



## **Management Discussion and Analysis**

**June 30, 2014**

This discussion and analysis of the City of Le Mars financial performance provides an overview of the City's financial activities for the fiscal year ending June 30, 2014. We encourage the readers to consider the information presented here in conjunction with the additional information furnished in the City's financial statements that follow this report, as well as the separately issued financial statements of Floyd Valley Hospital, a discretely presented component unit of the City.

### **Financial Highlights:**

- The assets of the City of Le Mars exceeded liabilities at June 30, 2014, by \$63,078,128. Of this amount, \$8,517,637 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position increased by \$3,528,267 during the year. Of this amount, the assets of our Governmental Activities increased \$2,992,783 and the assets of our Business-Type Activities increased \$535,484.

The City's General Obligation debt decreased by \$1,189,952 during fiscal year 2014, making the General Obligation debt \$6,234,941 at year end. This decrease is the result of normal debt payments. The City Revenue Bond debt increased by \$15,588,702 during fiscal year 2014, making the Revenue Bond debt \$24,793,702 at year end. This increase is a result of the annual payments of the debt replacing/refinancing SRF debt and issuing new Sewer Plant debt.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

In addition to the Management Discussion and Analysis, this annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government. An additional part of the basic financial statements are the Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements.

## **REPORTING THE CITY AS A WHOLE**

### **The Statement of Net Position and the Statement of Activities**

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

One of the most important questions asked about the City's finances is *"Is the City of Le Mars in a better financial position at the end of this fiscal year, compared to last year?"* The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answers this question. These statements include all assets and liabilities using the accrual basis of accounting, which is very similar to the method of accounting used by most private-sector companies. These two statements report the City's net position, which is the difference between assets and liabilities, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. Additional factors, such as changes in the City's property tax base and sales tax collections and condition of the City's infrastructure, are also important in making this determination.

In the Statement of Net Position and the Statement of Activities, we have divided the City into two kinds of activities:

- **Governmental Activities** – Most of the City's basic services are reported here, such as Police, Fire, Public Works and Parks departments, and general administration. Property taxes and state and federal grants finance most of these activities.
- **Business Type Activities** – The City charges fees to customers to cover the cost of these services. Included here are the City Water, Sewer, Solid Waste and Golf Course funds.

## REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

### Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law or by bond requirements. The City Council also established funds to control and manage money for particular purposes (such as construction projects) and to show that it is properly using certain revenues (such as Sales Tax Revenues). The City has the following types of funds:

- **Governmental Funds** – Most of the City's basic services are included in Governmental Funds, which focus on how money moves into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using the "modified accrual basis" of accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund Statements provide a detailed short-term view of the City's general governmental operations and basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs. We describe the relationship between Governmental Activities (reported in the Statement of Net Position and the Statement of Activities) and Governmental Funds in a reconciliation following each Governmental Fund financial statement.
- **Proprietary Funds** – When the City charges customers for the service it provides, these services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The major difference between the Proprietary Funds report and the Business Type Activities we report in the government-wide statements is the detail and additional information, such as cash flows, provided in the Proprietary Funds report.

## THE CITY AS TRUSTEE

### Reporting the City's Fiduciary Responsibilities

Fiduciary Funds are used to account for resources held for the benefit of parties outside the City government. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found behind the Fiduciary Funds statements.

## THE CITY AS A WHOLE

As stated earlier, net position may serve over time as a useful indicator of a government's financial position. The largest part of the City's net position reflects its investment in capital assets (land, buildings and improvements, and equipment), net of any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from the other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following comparison chart show the changes in net position for the years ended June 30, 2014 and 2013.

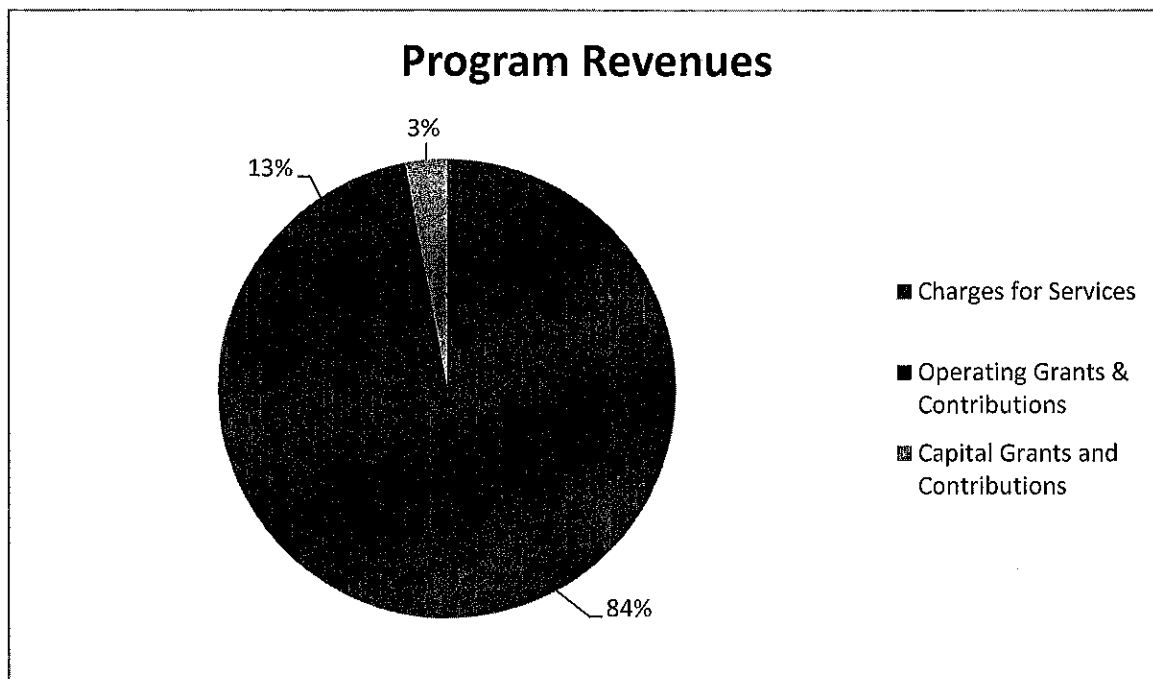
	Governmental Activities		Business Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	\$ 16,537,849	\$ 14,031,701	\$ 7,991,431	\$ 8,336,255	\$ 24,529,280	\$ 22,367,956
Capital Assets	30,830,922	32,186,464	50,576,127	33,159,883	81,407,049	65,346,347
Total Assets	47,368,771	46,218,165	58,567,558	41,496,138	105,936,329	87,714,303
Long-Term Liabilities						
Outstanding	6,596,247	7,459,223	26,250,270	10,674,496	32,846,517	18,133,719
Other Liabilities	501,736	1,339,475	2,000,932	1,040,770	2,502,668	2,380,245
Total Liabilities	7,097,983	8,798,698	28,251,202	11,715,266	35,349,185	20,513,964
Deferred Inflow of Resources	7,509,016	7,650,478	-	-	7,509,016	7,650,478
Net Position:						
Net Investment in Capital Assets	26,165,263	26,697,536	24,525,614	22,638,160	50,690,877	49,335,696
Restricted	3,816,943	2,261,892	52,671	97,297	3,869,614	2,359,189
Unrestricted	2,779,566	809,561	5,738,071	7,045,415	8,517,637	7,854,976
Total Net Position	\$ 32,761,772	\$ 29,768,989	\$ 30,316,356	\$ 29,780,872	\$ 63,078,128	\$ 59,549,861

This summary reflects an increase of total net position of 10.05% for the governmental activities and an increase of 1.80% in the business-type activities.

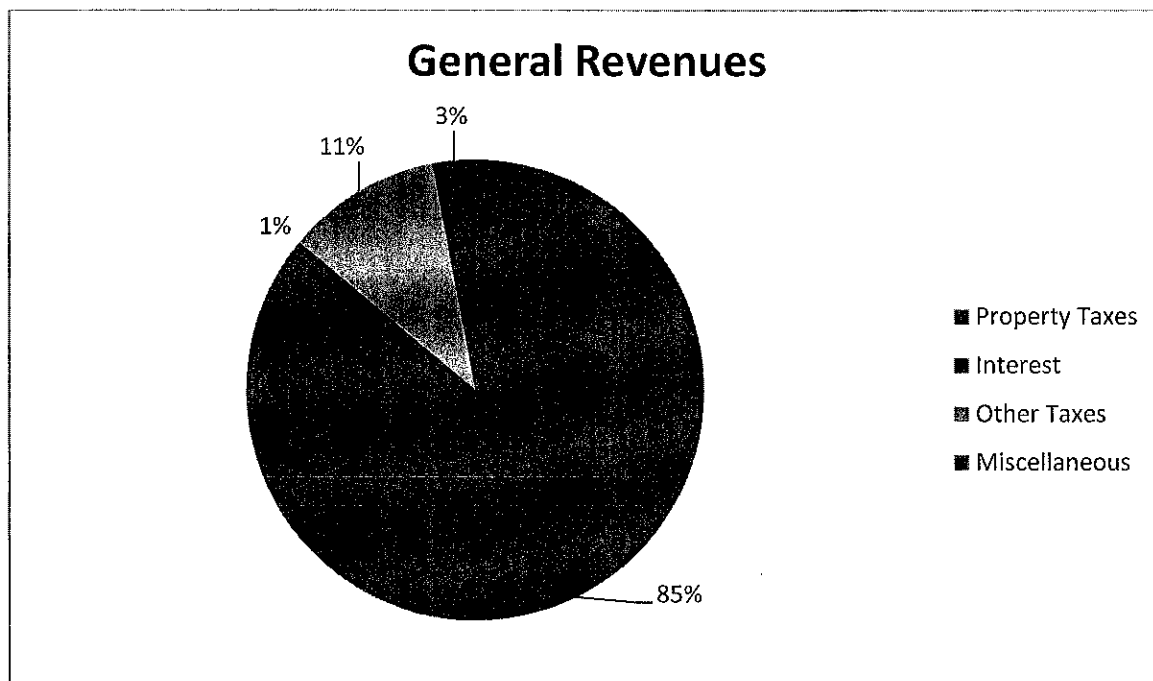
Total revenue reported in Fiscal 2014 was \$19,402,860. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities for Fiscal Year 2014 and 2013:

Revenue Source	Governmental Activities		Business Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Program Revenues:						
Charges for Services	\$ 1,643,767	\$ 2,519,281	\$ 6,146,193	\$ 6,045,402	\$ 7,789,960	\$ 8,564,683
Operating Grants and Contributions	1,188,976	277,133	-	-	1,188,976	277,133
Capital Grants and Contributions	247,441	1,877,359	25,057	20,000	272,498	1,897,359
Total Program Revenues	3,080,184	4,673,773	6,171,250	6,065,402	9,251,434	10,739,175
General Revenues & Interfund						
Property Taxes	8,677,245	9,040,856	-	-	8,677,245	9,040,856
Local Option Sales Tax	970,224	950,190	-	-	970,224	950,190
Hotel/Motel Taxes	138,965	120,335	-	-	138,965	120,335
Interest	42,159	51,905	15,467	26,357	57,626	78,262
Revenue from Use of Property	3,690	3,600	-	-	3,690	3,600
Gain of Sale of Assets	1,976	-	58,738	-	60,714	-
Sale of Non-Capitalized Assets	45,278	115,099	7,833	744	53,111	115,843
Refunds/Reimbursements	131,484	312,408	26,448	79,721	157,932	392,129
Miscellaneous	29,914	16,171	2,005	-	31,919	16,171
Total General Revenues	10,040,935	10,610,564	110,491	106,822	10,151,426	10,717,386
Interfund Transfers	(26,703)	(2,251,975)	26,703	2,251,975	-	-
Total Revenues and Interfund Transfers	\$ 13,094,416	\$ 13,032,362	\$ 6,308,444	\$ 8,424,199	\$ 19,402,860	\$ 21,456,561

Program revenues totaled \$9,251,434 for fiscal year 2014. Governmental Activities provided \$3,080,184 and Business-Type Activities provided \$6,171,250. Revenue collected for Charges for Services during fiscal year 2014 was \$7,789,960, accounting for 84.20% of the total program revenues. The following chart breaks down program revenues by source:



General Revenues for fiscal year 2014 totaled \$10,151,426. Governmental Activities provided \$10,040,935 and Business-Type Activities provided \$110,491. Property Tax Revenues for fiscal year 2014 totaled \$8,677,245, accounting for 86.42% of General Revenues. The following chart breaks down General Revenues by source:



Expenses for fiscal year 2014 totaled \$15,874,593. Expenses for General Governmental Activities totaled \$10,101,633, accounting for 63.63% of total expenses. Business-Type Activity expenses totaled \$5,772,960, for 36.37% of the total.

The following table shows total expenses by Function/Program for fiscal years 2014 and 2013:

Program Level	General Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Public Safety	\$ 2,870,788	\$ 2,657,446	\$ -	\$ -	\$2,870,788	\$2,657,446
Public Works	3,479,703	2,950,015	-	-	3,479,703	2,950,015
Culture and Recreation	2,023,217	1,915,484	-	-	2,023,217	1,915,484
Community and Economic Development	369,954	1,061,669	-	-	369,954	1,061,669
General Government	1,273,965	1,328,903	-	-	1,273,965	1,328,903
Debt Service	84,006	331,609	-	-	84,006	331,609
Sewer System	-	-	2,754,504	2,337,477	2,754,504	2,337,477
Water System	-	-	1,960,628	2,089,966	1,960,628	2,089,966
Solid Waste	-	-	528,594	558,846	528,594	558,846
Golf Course	-	-	483,659	493,473	483,659	493,473
Storm	-	-	45,575	39,686	45,575	39,686
Total Expenditures	\$ 10,101,633	\$ 10,245,126	\$ 5,772,960	\$ 5,519,448	\$ 15,874,593	\$ 15,764,574

The following table shows the activities included within each program level:

<u>Program Level</u>	<u>Activity</u>
Public Safety	Individual & Community Protection, Physical Health
Public Works	Roadway Construction, Airport Operations, Street Lighting, Transportation Services
Culture and Recreation	Education & Culture, Leisure Time Opportunities
Community and Economic Development	Economic Development, Community Beautification, Planning & Zoning
General Government	Administration, Support Services
Debt Service	Payment of Interest and principal of outstanding debt
Capital Projects	Construction of Capital Facilities
Sewer System	Operation of the waste water treatment plant
Water System	Operation of the waste water treatment plant
Solid Waste	Operation of garbage collection and disposal
Golf Course	Operation of Golf Course

## Governmental Activities

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses and Changes in Fund Balance. Please note that the expenses are listed in the first column, with revenues from that particular program reported to the right. The result is a Net (Expense) Revenue calculation. This format highlights the respective financial burden that each of the functions place on the taxpayers. For example, for Public Safety, the City spent \$2,870,788 and received \$753,578 in revenue, thus leaving a cost to the taxpayer of \$2,117,210 to be funded by various methods. The new format also identifies how much each function draws from general revenues or is self-financing through fees or grants. Some of the individual line item revenues reported for each function are:

Public Safety	Fines, Fees
Public Works	Road Use Tax, Rent
Culture and Recreation	Fees, State Aid,
General Government	Licenses, Permits
Capital Projects	Donations, State Grants, Federal Grants

The total cost of governmental activities this year was \$10,101,633. Of these costs, \$1,643,767 was paid by those who directly benefited from the programs. Costs paid by other governments and organizations that subsidized certain programs with grants and contribution were \$1,436,417, leaving a Net Expense of \$7,021,449 for Governmental Activities. These expenses of \$7,021,449 were covered with tax revenues, interest and other general revenues. The Statement of Activities in the financial statements provides further detail. The Net (Expense) Revenue by Governmental Activity is shown in the following table:

Functions/Programs	Net (Expense) Revenue	
	2014	2013
Governmental Activities:		
Public Safety	\$ (2,117,210)	\$ (1,851,479)
Public Works	(2,352,651)	(865,061)
Culture and Recreation	(1,296,078)	(1,179,690)
Community and Economic Development	(256,837)	(200,894)
General Government	(914,667)	(1,142,620)
Debt Service	(84,006)	(331,609)
Total Net (Expense) Governmental Activities	(7,021,449)	(5,571,353)
General Revenues	10,040,935	10,610,564
Excess of revenues over expenditures	3,019,486	5,039,211
Interfund Transfers	(26,703)	(2,251,975)
Change in Net Position	\$ 2,992,783	\$2,787,236

Total resources available during the year to finance governmental operations were \$42,863,405, consisting of Net Position at July 1, 2013 of \$29,768,989, Program Revenues of \$3,080,184, General Revenues of \$10,040,935, interfund transfers of (\$26,703). Total Governmental Activities during the year expended \$10,101,633; thus, Net Position increased by \$2,992,783 to \$32,761,772 at June 30, 2014.

## Business Type Activities

Business Type Activities increased the City's net position by \$535,484.

The cost of all Proprietary Activities this year was \$5,772,960. As shown in the Statement of Activities, the amount paid by users of the systems was \$6,146,193. Costs paid by other governments and organizations that subsidized certain programs with grants and contribution were \$25,057. This resulted in total Net Revenue for Business Type Activities of \$398,290. The Net (Expense) Revenue by Business Type Activity is shown in the following table:

Business-Type Activities	Net (Expense) Revenue	
	2014	2013
Sewer System	\$ 253,011	\$ 555,244
Water System	7,890	(124,008)
Solid Waste	80,297	76,489
Golf Course	(109,562)	(134,116)
Storm Sewer	166,654	172,345
<b>Total Net Revenue (Expense)</b>		
<b>Business Type Activities</b>	398,290	\$545,954
General Revenues	110,491	106,822
<b>Excess of revenues over expenses</b>	508,781	652,776
Interfund Transfers	26,703	2,251,975
<b>Change in Net Position</b>	<b>\$ 535,484</b>	<b>\$2,904,751</b>

Total resources available during the year to finance Proprietary Fund activities were \$36,089,316, consisting of Net Position at July 1, 2013 of \$29,780,872, Program Revenues of \$6,171,250, General Revenues of \$110,491 and interfund transfers of \$26,703. Total Proprietary Fund Activities during the year expended \$5,772,960; thus Net Position increased to \$30,316,356.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The City's Governmental Funds reported combined ending fund balances of \$7,853,548. The combined Governmental Funds fund balance increased \$3,241,185 from the prior year.

The General Fund is the primary operating fund of the City. During the year, the net change in fund balance in the General Fund was (\$208,029). The unassigned fund balance of \$1,647,400 represents 86 days of coverage.

## BUDGETARY HIGHLIGHTS

The following table shows the budget variances by program structure:

Disbursements	Amended Budget	Actual (Cash Basis)	Variance Favorable (Unfavorable)
Public Safety	\$ 3,041,820	\$ 3,027,562	\$ 14,258
Public Works	1,720,317	1,192,777	527,540
Culture and Recreation	1,888,796	1,859,034	29,762
Community and Economic Development	481,406	515,542	(34,136)
General Government	1,451,356	1,329,324	122,032
Debt Service	1,016,981	1,015,980	1,001
Capital Projects	3,997,769	2,240,268	1,757,501
Business Type/Enterprise	68,286,415	64,054,656	4,231,759
Total	\$ 81,884,860	\$ 75,235,143	\$ 6,649,717

Budget results were all favorable in the current year with one exception. Community and Economic Development were over budget due to an ICON Ag and Turf tax rebate which was paid at the end of the fiscal year. The City made one budget amendment during the year and the budgeted amounts to actual results were very comparable. The two functions with material variances were the Capital Projects and business-type functions. Both business-type variance and Capital Projects Variance were due to timing differences, where projects were budgeted, but expenses had not yet been incurred on them.

## CAPITAL ASSETS

The City's investment in capital assets, including land, buildings and improvements, equipment, streets, storm sewer systems, traffic signals and other infrastructure represents the value of the resources utilized to provide services to our citizens. The net investment in capital assets as of June 30, 2014, was \$50,690,877 (net of accumulated depreciation and outstanding financings). The gross additions to capital assets for Fiscal 2014 are as follows:

	General Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$ -	\$ 42,200	\$ -	\$ 238,865	\$ -	\$ 281,065
Infrastructure	139,984	1,502,056	141,945	317,037	281,929	1,819,093
Buildings	388,421	59,029	-	-	388,421	59,029
Improvements -						
Other than Buildings	701,319	20,898	-	184,373	701,319	205,271
Equipment	347,680	466,797	248,886	50,107	596,566	516,904
Construction in Progress	566,025	3,762,150	18,722,552	3,310,809	19,288,577	7,072,959
Total Gross Additions	\$ 2,143,429	\$ 5,853,130	\$ 19,113,383	\$ 4,101,191	\$ 21,256,812	\$ 9,954,321



Construction in Progress at June 30, 2014 for the governmental activities consisted of costs associated with numerous street and infrastructure additions and improvements.

For Business-Type Activities, the Construction in progress at June 30, 2014 consisted of costs associated with the water main extension and sanitary sewer improvements.

See Note 6 to the financial statements for more information on the City's capital assets.

## **DEBT ADMINISTRATION**

At year-end the City had \$31,728,235 of debt outstanding. This is an increase of \$14,616,780 from the prior year. This increase is the result of the normal annual debt amortization, and the new Wastewater Treatment Plant debt issued during fiscal year 2014.

The City continues to operate well under State debt capacity limitations. The State limits the amount of General Obligation Debt outstanding to 5% of the assessed value of all taxable property in the community. The City's debt capacity is \$35,111,620. With outstanding General Obligation Debt applicable to this limit of \$6,225,000 less amounts available for debt service of \$966,112, we are utilizing approximately 15% of this limit. More detailed information on debt administration is provided in Note 7 of the financial statements.

## **ECONOMIC FACTORS**

City of Le Mars economy continues to be strong as is evidenced by expansions and/or new construction of many businesses and industries, including the following:

- Feenstra Construction Building
- Plymouth County Solid Waste Agency RCC Center
- Building Blocks Daycare
- Wells Enterprises North Ice Cream Plant Addition
- Van's Sanitation Recycling Center
- Total Sales and Service Body Shop
- WIT Industrial Arts Center
- Dean Foods Additions
- Floyd Valley Hospital North Addition
- Bo Deans Rail Transload Facility

Many residential properties expanded with additions to existing structures. New housing starts included twenty one (21) single family units. The Housing Tax Exemption Program was utilized effectively.

Construction continued for the \$21 million expansion of the Wastewater Treatment Plant.

Construction began for the \$2.0 million Public Works Department Building.

Construction began for the \$3.5 million Water Tower and Booster Station Project.

Construction began for the \$200,000 Golf Cart Storage and Maintenance Building.

Master Plans for the Airport, Rail System, and Floyd Valley Hospital all were finalized during the year.

Le Mars Industrial Park 3<sup>rd</sup> Addition was constructed along 27<sup>th</sup> Street SW, including grading, street and storm sewer improvements.

Dogwood First Addition was platted and fully constructed along 6<sup>th</sup> Avenue and 7<sup>th</sup> Avenue Southeast creating eight (8) additional residential lots.

A special election for extension of the Local Option Sales Tax and Hotel/Motel Tax was held and received a positive vote for an additional fifteen (15) years.

Due to a May 2013 flood along both Willow Creek and Floyd River, City cleanup and restoration was required at many City facilities, including the Golf Course, Recreational Trail, City Parks, Airport, and to portions of the wastewater systems.

The City of Le Mars is fortunate to have several public/private partnerships to assist with its growth.

#### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department at 712-546-7018.

**CITY OF LE MARS, IOWA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

	Primary Government			Component Unit
	Governmental	Business-Type	Total	Floyd Valley Hospital
	Activities	Activities		
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 6,542,886	\$ 6,814,610	\$ 13,357,496	\$ 6,175,617
Investments	148,294	-	148,294	-
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	108,731	353,503	462,234	3,910,539
Taxes	33,574	-	33,574	-
Subsequent Year Taxes	7,509,016	-	7,509,016	-
Accrued interest	1,808	-	1,808	-
Other	-	-	-	104,474
Estimated Unbilled Usage	-	363,139	363,139	-
Special Assessments	26,731	-	26,731	-
Notes Receivable	1,336,858	-	1,336,858	-
Due from Other Governmental Agencies	399,929	13,751	413,680	-
Inventories	-	307,260	307,260	443,302
Land Held for Resale	178,771	-	178,771	-
Prepaid Assets	251,251	30,100	281,351	246,946
Other	-	-	-	1,246,516
Restricted Assets:				
Cash and Cash Equivalents	-	109,067	109,067	2,225,478
Investments	-	-	-	4,460,412
Accrued Interest Receivable	-	-	-	3,160
Land	1,335,137	1,476,059	2,811,196	185,160
Construction in Progress	3,109,616	22,207,926	25,317,542	5,945,151
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	26,386,169	26,892,143	53,278,312	9,560,239
<b>Total Assets</b>	<b>47,368,771</b>	<b>58,567,558</b>	<b>105,936,329</b>	<b>34,506,994</b>
<b>LIABILITIES</b>				
Accounts Payable	276,967	1,851,025	2,127,992	4,067,003
Accrued Wages	137,697	41,315	179,012	1,497,516
Accrued Interest	9,104	56,396	65,500	7,043
Accrued Expenses	95,679	30,135	125,814	427,440
Internal Balances	(17,711)	17,711	-	-
Unearned Revenue	-	4,350	4,350	-
Noncurrent Liabilities:				
Due within one year:				
Revenue Bonds Payable	-	1,735,000	1,735,000	36,000
General Obligation Bonds	895,000	270,000	1,265,000	-
Capital Lease	65,417	27,248	92,665	-
Compensated Absences and Benefits	178,251	45,955	224,206	-
Due in more than one year:				
Revenue Bonds Payable	-	22,968,170	22,968,170	6,983,618
General Obligation Bonds	4,311,164	658,777	4,969,941	-
Notes Payable	-	299,330	299,330	-
Capital Lease	225,550	91,988	317,538	-
Compensated Absences and Benefits, Long-Term	713,003	153,802	866,805	-
Net OPEB Liability	107,862	-	107,862	-
<b>Total Liabilities</b>	<b>7,097,983</b>	<b>28,251,202</b>	<b>35,349,185</b>	<b>13,018,620</b>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue-				
Subsequent Year Property Taxes	7,509,016	-	7,509,016	-
<b>Total Deferred Inflows of Resources</b>	<b>7,509,016</b>	<b>-</b>	<b>7,509,016</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	26,165,263	24,525,615	50,690,878	8,670,932
Restricted for:				
Specific Revenues	91,904	-	91,904	100,053
Debt Service	957,008	52,671	1,009,679	-
TIF	1,391,716	-	1,391,716	-
Road Use Tax	821,232	-	821,232	-
Local Option Sales Tax	329,969	-	329,969	-
Community Betterment	76,820	-	76,820	-
Endowments:				
Nonexpendable	148,294	-	148,294	-
Unrestricted	2,779,566	5,738,070	8,517,636	12,717,389
<b>Total Net Position</b>	<b>\$ 32,761,772</b>	<b>\$ 30,316,356</b>	<b>\$ 63,078,128</b>	<b>\$ 21,488,374</b>

**CITY OF LE MARS, IOWA**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2014**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
Public Safety	\$ 2,870,788	\$ 579,198	\$ 161,459	\$ 12,921
Public Works	3,479,703	20,477	976,507	130,068
Culture and Recreation	2,023,217	676,129	51,010	-
Community and Economic Development	369,954	8,665	-	104,452
General Government	1,273,965	359,298	-	-
Interest Expense	84,006	-	-	-
Total governmental activities	<u>10,101,633</u>	<u>1,643,767</u>	<u>1,188,976</u>	<u>247,441</u>
<b>Business-Type Activities:</b>				
Golf Course	483,659	374,097	-	-
Water System	1,960,628	1,968,518	-	-
Sewer System	2,754,504	3,001,579	-	5,936
Solid Waste System	528,594	589,770	-	19,121
Storm Sewer System	45,575	212,229	-	-
Total Business-Type Activities	<u>5,772,960</u>	<u>6,146,193</u>	<u>-</u>	<u>25,057</u>
Total Primary Government	<u>15,874,593</u>	<u>7,789,960</u>	<u>1,188,976</u>	<u>272,498</u>
<b>Component Unit:</b>				
Floyd Valley Hospital	\$ 33,917,918	\$ 34,001,248	\$ -	\$ 993,526

General Revenues:  
Property taxes  
Local Option Sales Tax  
Hotel/Motel Taxes  
Interest  
Use of Property  
Gain on Sale of Assets  
Refunds and Reimbursements  
Miscellaneous  
Sale of non-capitalized Assets  
Interfund Transfers  
Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

See Accompanying Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Position			Component Unit Floyd Valley Hospital
Governmental Activities	Business-Type Activities	Total	
\$ (2,117,210)		\$ (2,117,210)	
(2,352,651)		(2,352,651)	
(1,296,078)		(1,296,078)	
(256,837)		(256,837)	
(914,667)		(914,667)	
(84,006)		(84,006)	
<u>(7,021,449)</u>		<u>(7,021,449)</u>	
	\$ (109,562)	(109,562)	
	7,890	7,890	
	253,011	253,011	
	80,297	80,297	
	<u>166,654</u>	<u>166,654</u>	
	<u>398,290</u>	<u>398,290</u>	
<u>(7,021,449)</u>	<u>398,290</u>	<u>(6,623,159)</u>	
			\$ <u>1,076,856</u>
8,677,245	-	8,677,245	-
970,224	-	970,224	-
138,965	-	138,965	-
42,159	15,467	57,626	44,764
3,690	-	3,690	501,310
1,976	58,738	60,714	-
131,484	26,448	157,932	-
29,914	2,005	31,919	-
45,278	7,833	53,111	-
(26,703)	26,703	-	-
<u>10,014,232</u>	<u>137,194</u>	<u>10,151,426</u>	<u>546,074</u>
2,992,783	535,484	3,528,267	1,622,930
<u>29,768,989</u>	<u>29,780,872</u>	<u>59,549,861</u>	<u>19,865,444</u>
<u>\$ 32,761,772</u>	<u>\$ 30,316,356</u>	<u>\$ 63,078,128</u>	<u>\$ 21,488,374</u>

See Accompanying Notes to Financial Statements

**CITY OF LE MARS, IOWA**  
**BALANCE SHEET**  
**Governmental Funds**  
**JUNE 30, 2014**

	General	TIF	Debt Service	STP FHWA Projects	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and Pooled Investments	\$ 1,345,084	\$ 1,271,881	\$ 964,114	\$ -	\$ 2,431,400	\$ 6,012,479
Investments	-	-	-	-	148,294	148,294
Receivables (Net, where applicable, of allowance for uncollectibles)						
Accounts	83,533	-	2,207	-	1,890	87,630
Taxes	21,067	10,645	-	-	1,862	33,574
Subsequent Year Taxes	3,884,417	2,699,834	305,778	-	618,987	7,509,018
Accrued Interest	-	-	-	-	1,808	1,808
Special Assessments	9,750	-	-	-	16,981	26,731
Notes Receivable	143,000	-	-	-	1,193,858	1,336,858
Due from Other Funds	382,460	-	-	-	-	382,460
Due from Other Governmental Agencies	103,173	-	-	34,101	262,655	399,929
Land Held for Resale	178,771	-	-	-	-	178,771
Prepaid Assets	200,000	-	-	-	-	200,000
<b>Total Assets</b>	<b>6,351,255</b>	<b>3,982,360</b>	<b>1,272,099</b>	<b>34,101</b>	<b>4,677,735</b>	<b>16,317,550</b>
<b>Liabilities</b>						
Liabilities:						
Accounts Payable	121,385	-	-	24,357	119,155	264,897
Accrued Wages	137,697	-	-	-	-	137,697
Due to Other Funds	-	-	-	173,168	191,581	364,749
<b>Total Liabilities</b>	<b>259,082</b>	<b>-</b>	<b>-</b>	<b>197,525</b>	<b>310,736</b>	<b>767,343</b>
<b>Deferred Inflows of Resources</b>						
Unavailable Revenue-						
Subsequent Year Property Taxes	3,884,417	2,699,834	305,778	-	618,987	7,509,016
Delinquent Property Tax	1,835	3,726	209	-	142	5,912
Special Assessment	9,750	-	-	-	16,981	26,731
Note Receivable	-	-	-	-	155,000	155,000
<b>Total Deferred Inflows of Resources</b>	<b>3,896,002</b>	<b>2,703,560</b>	<b>305,987</b>	<b>-</b>	<b>791,110</b>	<b>7,696,659</b>
<b>Fund Balances:</b>						
Nonspendable:						
Prepaid Expenditures	200,000	-	-	-	-	200,000
Notes Receivable	143,000	-	-	-	1,143,858	1,286,858
Assets Held for Resale	178,771	-	-	-	-	178,771
Perpetual Care	-	-	-	-	148,294	148,294
Restricted for:						
Debt Service	-	-	966,112	-	-	966,112
Road Surface Repairs	-	-	-	-	821,232	821,232
Employee Benefits	-	-	-	-	70,587	70,587
Tax Increment Financing	-	1,278,800	-	-	112,916	1,391,716
Law Enforcement	-	-	-	-	7,792	7,792
Local Option Sales Tax	-	-	-	-	329,969	329,969
Tree Farm	-	-	-	-	13,525	13,525
Community Betterment	-	-	-	-	76,820	76,820
Assigned for:						
Capital Improvement	-	-	-	-	665,115	665,115
Capital Improvement and Facilities	-	-	-	-	373,541	373,541
Unassigned	1,674,400	-	-	(163,424)	(187,760)	1,323,216
<b>Total Fund Balances (Deficits)</b>	<b>2,196,171</b>	<b>1,278,800</b>	<b>966,112</b>	<b>(163,424)</b>	<b>3,575,889</b>	<b>7,853,548</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 6,351,255</b>	<b>\$ 3,982,360</b>	<b>\$ 1,272,099</b>	<b>\$ 34,101</b>	<b>\$ 4,677,735</b>	<b>\$ 16,317,550</b>

See Accompanying Notes to Financial Statements

**CITY OF LE MARS, IOWA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**For the Year Ended June 30, 2014**

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Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Total Fund Balance - Governmental Funds (page 19)	\$	7,853,548
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds		30,830,922
The internal service fund is used by management to fund and maintain the City's health insurance provided to user departments and is included in the statement of net position.		335,897
Deferred revenues that provide current financial resources for governmental activities.		187,643
Accrued expenses from the balance sheet that require current financial resources for governmental activities.		(9,104)
Prepaid expenses that are reported in the governmental activities but not reported in the funds as they do not provide current economic resources.		51,251
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds	\$	5,306,164
Capital Lease		290,967
Compensated Absences		891,254
		<u>(6,488,385)</u>
Total Net Position - Governmental Activities (page 16)	\$	<u>32,761,772</u>

**CITY OF LE MARS, IOWA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Funds**  
**For the Year Ended June 30, 2014**

	General	TIF
Revenue:		
Taxes	\$ 3,803,122	\$ 2,697,141
Other City Taxes	138,965	-
Special Assessments	29,250	-
Licenses and Permits	133,007	-
Intergovernmental Revenue	191,061	-
Charges for Services	938,900	-
Fines and Forfeits	38,818	-
Contributions	99,594	-
Refunds/Reimbursements	99,060	-
Rental Income	277,417	-
Interest	29,000	2,844
Miscellaneous	14,636	-
Total Revenue	<u>5,792,830</u>	<u>2,699,985</u>
Expenditures:		
Public Safety	2,525,766	-
Public Works	998,094	-
Culture and Recreation	1,911,497	-
Community and Economic Development	320,564	9,176
General Government	1,314,714	-
Capital Outlay	27,710	-
Debt Service	-	-
Total Expenditures	<u>7,098,345</u>	<u>9,176</u>
Excess (deficiency) of revenues over expenditures	<u>(1,305,515)</u>	<u>2,690,809</u>
Other financing sources (uses):		
Issuance of Capital Lease	70,159	-
Proceeds from Sale of Non-Capitalized Assets	45,278	-
Proceeds from Sale of Assets	1,976	-
Transfers In	1,030,073	-
Transfers Out	(50,000)	(1,879,384)
Total other financing sources (uses)	<u>1,097,486</u>	<u>(1,879,384)</u>
Net Change in Fund Balance	(208,029)	811,425
Fund balances (deficits)-beginning of year	2,404,200	467,375
Fund balances (deficits)- end of year	<u>\$ 2,196,171</u>	<u>\$ 1,278,800</u>

See Accompanying Notes to Financial Statements



Debt Service	STP FHWA Projects	Other Governmental Funds	Total Governmental Funds
\$ 494,238	\$ -	\$ 1,679,189	\$ 8,673,690
-	-	-	138,965
-	-	16,792	46,042
-	-	-	133,007
-	1,854	2,045,267	2,238,182
-	-	1,974	940,874
-	-	-	38,818
-	-	62,998	162,592
-	-	40,791	139,851
-	-	3,690	281,107
3,317	-	6,016	41,177
-	-	795	15,431
497,555	1,854	3,857,512	12,849,736
-	-	277,569	2,803,335
-	-	305,451	1,303,545
-	-	2,130	1,913,627
-	-	128,315	458,055
-	-	7,247	1,321,961
-	82,337	1,268,878	1,378,925
1,015,980	-	-	1,015,980
1,015,980	82,337	1,989,590	10,195,428
(518,425)	(80,483)	1,867,922	2,654,308
-	-	-	70,159
-	-	-	45,278
-	-	-	1,976
521,890	111,948	2,416,615	4,080,526
-	-	(1,681,678)	(3,611,062)
521,890	111,948	734,937	586,877
3,465	31,465	2,602,859	3,241,185
962,647	(194,889)	973,030	4,612,363
\$ 966,112	\$ (163,424)	\$ 3,575,889	\$ 7,853,548

See Accompanying Notes to Financial Statements

**CITY OF LE MARS, IOWA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2014**

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 22)	\$ 3,241,185
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Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation expense exceeded capital outlay expenditures in the current year as follows:

Expenditures for capital assets	\$ 943,411	
Depreciation expense	<u>(2,298,953)</u>	(1,355,542)

Revenues reported in the funds that are not available to provide current financial resources:	(42,487)
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Prepaid insurance is not reported in the governmental funds as it is not available to provide current financial resources:	(2,220)
--	---------

Accrued interest expense that does not require current financial resources:	1,816
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Long-term accrual of compensated absences is not reported in the governmental funds as it does not consume current financial resources. The net change in in the long-term compensated absences for the year was:	(28,813)
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Internal service funds are used by management to fund and maintain the City's insurance policies provided to user departments and are included in the statement of net assets. The net revenue of the internal service funds is reported with governmental activities:	266,616
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The effect of bond premiums and discounts are shown in the governmental funds when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities:	158
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Capital Leases are shown as providing current financial resources to the governmental funds. The statement of activities does not reflect the proceeds from the issuance of a capital lease. The proceeds from the issuance of a capital lease for the year was:	(70,159)
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The repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. The principal paid on long-term debt during the current year was as follows:

Bonds payable	\$930,000	
Lease obligations payable	<u>52,229</u>	<u>982,229</u>

Change in net net position of governmental activities (page 18)	<u>\$ 2,992,783</u>
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**CITY OF LE MARS, IOWA**  
**COMBINING STATEMENT OF NET POSITION**  
**Proprietary Funds**  
**JUNE 30, 2014**

	<b>Business Type Activities</b>	
	<b>Water System</b>	<b>Sewer System</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 4,025,031	\$ 2,191,478
Receivables (Net, where applicable, of allowance for uncollectibles)		
Accounts	129,803	191,387
Estimated Unbilled Usage	82,936	245,676
Due from Other Governmental Agencies	-	-
Inventories	307,260	-
Prepaid Assets	9,762	17,897
Total Current Assets	<u>4,554,792</u>	<u>2,646,438</u>
Noncurrent Assets:		
Restricted Assets:		
Cash and Cash Equivalents	55,666	53,401
Land	174,357	1,011,164
Construction in Progress	1,978,865	20,012,633
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	10,689,466	12,636,311
Total Noncurrent Assets	<u>12,898,354</u>	<u>33,713,509</u>
<b>Total Assets</b>	<u><b>17,453,146</b></u>	<u><b>36,359,947</b></u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	560,856	1,262,578
Accrued Wages	16,674	24,641
Accrued Revenue Bond Interest	6,002	50,394
Accrued Expenses	30,135	-
Due to Other Funds	-	-
Unearned Revenue	-	-
Revenue Bonds Payable- Current	595,000	1,140,000
General Obligation Bonds- Current	-	270,000
Capital Lease- Current	8,550	-
Compensated Absences and Benefits	30,019	15,936
Total Current Liabilities	<u>1,247,236</u>	<u>2,763,549</u>
Noncurrent Liabilities:		
Due in more than one year:		
Revenue Bonds Payable	4,255,740	18,712,430
General Obligation Bonds	-	658,777
Notes Payable	299,330	-
Capital Lease	51,239	-
Compensated Absences and Benefits	90,057	63,745
Net OPEB Liability	-	-
Total Noncurrent Liabilities	<u>4,696,366</u>	<u>19,434,952</u>
<b>Total Liabilities</b>	<u><b>5,943,602</b></u>	<u><b>22,198,501</b></u>
<b>NET POSITION</b>		
Net investment in capital assets	7,632,829	12,878,901
Restricted for:		
Debt Service	49,664	3,007
Unrestricted	3,827,051	1,279,538
Total Net Position	<u><u>\$ 11,509,544</u></u>	<u><u>\$ 14,161,446</u></u>

See Accompanying Notes to Financial Statements

Business Type Activities		Governmental
Nonmajor		Activities
Enterprise		Internal
Funds	Total	Service
\$ 598,101	\$ 6,814,610	\$ 530,407
32,313	353,503	21,101
34,527	363,139	-
13,751	13,751	-
-	307,260	-
2,441	30,100	-
681,133	7,882,363	551,508
-	109,067	-
290,538	1,476,059	-
216,428	22,207,926	-
3,566,366	26,892,143	-
4,073,332	50,685,195	-
4,754,465	58,567,558	551,508
27,591	1,851,025	12,070
-	41,315	-
-	56,396	-
-	30,135	95,679
17,711	17,711	-
4,350	4,350	-
-	1,735,000	-
-	270,000	-
18,698	27,248	-
-	45,955	-
68,350	4,079,135	107,749
-	22,968,170	-
-	658,777	-
-	299,330	-
40,749	91,988	-
-	153,802	-
-	-	107,862
40,749	24,172,067	107,862
109,099	28,251,202	215,611
4,013,885	24,525,615	-
-	52,671	-
631,481	5,738,070	335,897
\$ 4,645,366	\$ 30,316,356	\$ 335,897

See Accompanying Notes to Financial Statements

**CITY OF LE MARS, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**Proprietary Funds**  
**For the Year Ended June 30, 2014**

	<b>Business Type Activities</b>	
	<b>Water System</b>	<b>Sewer System</b>
<b>Operating Revenues:</b>		
Charges for Services	\$ 1,917,556	\$ 2,985,743
<b>Total Operating Revenue</b>	<u>1,917,556</u>	<u>2,985,743</u>
<b>Operating Expenses:</b>		
Employee Services	570,319	832,419
Contract Services	59,246	196,396
Supplies	24,745	245,112
Repairs and Improvements	428,017	74,071
Utilities	154,107	190,122
Miscellaneous	6,314	6,282
Depreciation	639,210	782,598
Amortization	2,195	2,539
<b>Total Operating Expenses</b>	<u>1,884,153</u>	<u>2,329,539</u>
<b>Operating Income</b>	33,403	656,204
<b>Non-Operating Income (Expense):</b>		
Interest Income	10,346	5,121
Refunds and Reimbursements	8,812	15,098
Sale of Uncapitalized Assets	7,833	-
Gain on Disposal of Capital Assets	1,032	57,706
Revenue from Use of Property	50,962	15,836
Other Non-operating Income (Expense)	369	1,636
Interest Expense	(76,475)	(251,055)
Intergovernmental Revenue	-	5,936
Bond Issue Costs	-	(173,910)
<b>Total Non-Operating Income (Expenses)</b>	<u>2,879</u>	<u>(323,632)</u>
<b>Income Before Transfers and Contributions</b>	36,282	332,572
<b>Contributed Capital Revenue</b>	322,202	-
<b>Transfers In</b>	-	-
<b>Transfers (Out)</b>	<u>(262,768)</u>	<u>(262,768)</u>
<b>Change in Net Position</b>	95,716	69,804
<b>Net Position - Beginning</b>	<u>11,413,828</u>	<u>14,091,642</u>
<b>Net Position - Ending</b>	<u>\$ 11,509,544</u>	<u>\$ 14,161,446</u>

See Accompanying Notes to Financial Statements

Business Type Activities		Governmental
Nonmajor		Activities
Enterprise		Internal
Funds	Total	Service
\$ 1,149,356	\$ 6,052,655	\$ 905,769
1,149,356	6,052,655	905,769
-	1,402,738	-
702,195	957,837	-
108,046	377,903	-
30,046	532,134	-
18,304	362,533	-
7,889	20,485	883,832
187,886	1,609,694	-
-	4,734	-
1,054,366	5,268,058	883,832
94,990	784,597	21,937
-	15,467	982
2,538	26,448	243,697
-	7,833	-
-	58,738	-
26,740	93,538	-
-	2,005	-
(3,462)	(330,992)	-
19,121	25,057	-
-	(173,910)	-
44,937	(275,816)	244,679
139,927	508,781	266,616
173,965	496,167	-
159,109	159,109	-
(103,037)	(628,573)	-
369,964	535,484	266,616
4,275,402	29,780,872	69,281
\$ 4,645,366	\$ 30,316,356	\$ 335,897

See Accompanying Notes to Financial Statements

**CITY OF LE MARS, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**Proprietary Funds**  
**For the Year Ended June 30, 2014**

	<b>Business Type Activities</b>	
	<b>Water System</b>	<b>Sewer System</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 1,899,615	\$ 2,994,227
Cash Paid to Suppliers for Goods and Services	(787,338)	(724,832)
Cash Paid to Employees for Services	(556,068)	(798,438)
Other Nonoperating Income	68,345	88,506
Net Cash Provided by Operating Activities	<u>624,554</u>	<u>1,559,463</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and Construction of Capital Assets	(1,049,678)	(16,488,715)
Proceeds from the Sale of Assets	1,032	128,825
Proceeds from Issuance of Bonds	112,148	16,788,702
Proceeds from Capital Leases	59,789	-
Bond Issuance Costs	-	(173,910)
Principal Paid on Notes and Bonds	(590,000)	(865,000)
Interest Paid on Notes and Bonds	(76,765)	(211,116)
Net Cash (Used) for Capital and Related Financing Activities	<u>(1,543,474)</u>	<u>(821,214)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Transfers From (To) Other Funds	(262,768)	(262,768)
Due (To) Other Funds	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(262,768)</u>	<u>(262,768)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest and Dividends on Investments	<u>10,346</u>	<u>5,121</u>
Net Cash Provided from Investing Activities	<u>10,346</u>	<u>5,121</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,171,342)	480,602
Cash and Cash Equivalents at Beginning of Year	<u>5,252,039</u>	<u>1,764,277</u>
Cash and Cash Equivalents at End of Year	<u>\$ 4,080,697</u>	<u>\$ 2,244,879</u>

See Accompanying Notes to Financial Statements

Business Type Activities		Governmental
Nonmajor		Activities
Enterprise		Internal
Funds	Total	Service
\$ 1,136,449	\$ 6,030,291	\$ 887,971
(905,113)	(2,417,283)	(869,401)
-	(1,354,506)	-
48,399	205,250	243,697
279,735	2,463,752	262,267
(122,691)	(17,661,084)	-
-	129,857	-
-	16,900,850	-
33,461	93,250	-
-	(173,910)	-
-	(1,455,000)	-
(3,462)	(291,343)	-
(92,692)	(2,457,380)	-
56,072	(469,464)	-
(6,122)	(6,122)	-
49,950	(475,586)	-
-	15,467	982
-	15,467	982
236,993	(453,747)	263,249
361,108	7,377,424	267,158
\$ 598,101	\$ 6,923,677	\$ 530,407

See Accompanying Notes to Financial Statements



**CITY OF LE MARS, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2014**

	<b>Business Type Activities</b>	
	<b>Water System</b>	<b>Sewer System</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
Operating Income	\$ 33,403	\$ 656,204
<b>Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:</b>		
Depreciation	639,210	782,598
Amortization	2,195	2,539
Miscellaneous Non-Operating Income	68,345	88,506
(Increase) Decrease in Assets:		
Accounts Receivable	(13,726)	3,648
Estimated Unbilled Usage	(4,215)	4,836
Prepaid Expenses	(850)	(1,694)
Inventories	(110,172)	-
Due From Other Government	-	-
Increase (Decrease) in Liabilities		
Accounts Payable	(7,456)	(11,155)
Accrued Wages and Compensated Absences	14,251	33,981
Accrued Expenses	3,569	-
Capital Lease Payable	-	-
Total Adjustments	591,151	903,259
Net Cash Provided by Operating Activities	624,554	1,559,463

**Supplemental Schedule of Noncash Capital and Related Financing Activities:**

Contributed Capital	\$ 322,202	\$ -
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**Reconciliation of Cash and Cash Equivalents to the Balance Sheet:**

Cash and Cash Equivalents	4,025,031	2,191,478
Restricted Cash and Cash Equivalents	55,666	53,401
	\$ 4,080,697	\$ 2,244,879

Nonmajor Enterprise Funds	Total	Governmental Activities
		Internal Service
<u>\$ 94,990</u>	<u>\$ 784,597</u>	<u>\$ 21,937</u>
187,886	1,609,694	-
-	4,734	-
48,399	205,250	243,697
1,840	(8,238)	(17,798)
(996)	(375)	-
(10)	(2,554)	-
-	(110,172)	-
(13,751)	(13,751)	-
(28,373)	(46,984)	12,070
-	48,232	-
-	3,569	2,361
(10,250)	(10,250)	-
<u>184,745</u>	<u>1,679,155</u>	<u>240,330</u>
<u>279,735</u>	<u>2,463,752</u>	<u>262,267</u>
 <u>\$ 173,965</u>	 <u>\$ 496,167</u>	 <u>\$ -</u>
598,101	6,814,610	530,407
-	109,067	-
<u>\$ 598,101</u>	<u>\$ 6,923,677</u>	<u>\$ 530,407</u>

See Accompanying Notes to Financial Statements

**CITY OF LE MARS, IOWA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**Agency Funds**  
**JUNE 30, 2014**

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**ASSETS**

Cash and Pooled Investments	\$ 9,261
<b>Total Assets</b>	<b>9,261</b>

**LIABILITIES**

Accounts Payable	9,261
<b>Total Liabilities</b>	<b>9,261</b>

**NET POSITION**

Unrestricted	-
<b>Total Net Position</b>	<b>\$ 9,261</b>

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Le Mars, Iowa is a political subdivision of the State of Iowa located in Plymouth County, and was incorporated in 1881, under the laws of the State of Iowa, later amended in 1974 under the Home Rule City Act. The City operates under a Mayor-Council form of government with an appointed administrator and finance director and administers the following programs as authorized by its charter: public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also has municipal water and sewer utility systems, which are governed by the City Council.

The City's financial statements have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, the City of Le Mars, Iowa, has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City.

These financial statements present the City of Le Mars, Iowa (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City. Complete financial statements of the individual component unit, which issued separate financial statements as noted below, can be obtained from its respective administrative office.

Discretely Presented Component Unit - The City established a municipal hospital, Floyd Valley Hospital, in 1966. The hospital's financial data is reported in a separate column to emphasize that it is legally separate from the City, but is financially accountable to the City and its operating budget is subject to the approval of the City Council.

Jointly Governed Organizations - The City also participates in several jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the following Boards and Commissions: Plymouth County Assessors' Conference Board, Plymouth County Area Solid Waste Agency, Plymouth County Emergency Management Commission and the Plymouth County Joint E911 Service Board.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation**

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by property tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services. The City's general, special revenue, debt service, capital projects and permanent funds are classified as governmental activities. The City's health insurance internal service fund is also classified as a governmental-type activity.

The Statement of Net Position presents the City's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories.

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net position* results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The City first uses restricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

*Unrestricted net position* consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

The City does not allocate indirect costs. Certain expenses of the City are accounted for through the internal service fund on a cost-reimbursement basis.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year activities.

*Fund Financial Statements* – Separate financial statements are provided for governmental and proprietary funds. Major individual governmental and proprietary funds are reported

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

as separate columns in the financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

- 1) General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The sources of revenue include property taxes, charges for services, fines and fees, licenses and permits, as well as state and federal grants. The expenditures of the General Fund relate to general administration, police and fire protection, maintenance of public streets, economic development, and culture and recreation.
- 2) Special Revenue Fund - The TIF (Tax Incremental Financing Fund) is used to account for property taxes received to be expended for public improvements; construction of public infrastructure as well as economic development opportunities; incentives; sites; land; rebates; and grant agreements.
- 3) Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.
- 4) Capital Projects – The STP FHWA Projects Fund accounts for any STP street projects the City has in progress and any associated grant proceeds or other financing items.

The City reports the following major proprietary funds:

The Water Fund is used to account for the operation and maintenance of the City's water system.

The Sewer Fund is used to account for the operation and maintenance of the City's sewer system.

The City reports the following internal service fund:

The Health Insurance Fund is used to account for the funding and maintenance of the City's self-funded health insurance provided to City employees. Since the principal users of this internal service are the City's governmental activities, the financial statements of the health insurance internal service fund are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity.

The City reports the following fiduciary fund:

The Flex Account is an agency fund that is used to account for the City's cafeteria plan.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**C. Measurement Focus and Basis of Accounting**

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end.

Property tax, local option sales tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Under terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds are charges to customers for sales and services. Operating expenses consist of cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-recovery basis. The City's internal service fund is presented in the proprietary fund financial statements.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Fiduciary funds are used to report assets held in an agency or custodial capacity for others and therefore not available to support City programs. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not incorporated into the government-wide financial statements.

The City maintains its financial records on the cash basis. The financial statements of the City are prepared by making memorandum adjusting entries to the cash basis financial records.

**D. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity**

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most City funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid (including restricted assets) are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Investments consist of the following:

<u>Type</u>	<u>Method</u>
<u>City</u> Nonnegotiable Certificates of Deposit	Cost
<u>Component Unit</u> Certificates of Deposit	Cost
U.S. Treasury Notes, State & Local Government Series	Fair Value Determined Based on Quoted Market Price By Current Share Prices
Debt Securities	
Negotiable Certificates of Deposit	
Maturity of one year or less when purchased	Amortized Cost
Maturity of more than one year when purchased	Fair Value Based on Quoted Market Price

Property Tax Receivable, Including Tax Increment Financing - Property tax, including tax increment financing, in governmental funds is accounted for using the modified accrual basis of accounting.



**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the City Council to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the City Council to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City Council is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is presented as a deferred inflow and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March 2013. Any county collections on the 2013-2014 tax levy remitted to the City within 60 days subsequent to June 30, 2014, are recorded as property tax revenue.

Customer Accounts and Unbilled Usage – Accounts receivable are recorded in the Enterprise Funds at the time the service is billed. Unbilled usage for service consumed between periodic scheduled billing dates is estimated and is recognized as revenue in the period in which the service is provided.

Due From and Due to Other Funds - During the course of its operations, the City has numerous transactions between funds. To the extent certain transactions between funds have not been paid or received as of June 30, 2014, balances of interfund amounts payable or receivable have been recorded in the fund financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as interfund balances.

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories of the proprietary fund types are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

Restricted Assets – Funds set aside for payment of Enterprise Fund revenue notes are classified as restricted assets since their use is restricted by applicable note indentures. Other restricted assets include customer deposits restricted for application to unpaid customer accounts or for refund to customers.

Prepaid Items - Payments made to vendors for services that will benefit periods beyond June 30, 2014 are recorded as prepaid items.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Capital Assets - Capital assets, which include property, equipment and vehicles and infrastructure assets (e.g. roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the government) are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position and in the Proprietary Funds Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repair not adding to the value of the asset or materially extending asset lives are not capitalized. Reportable capital assets are defined by the City as assets with initial, individual costs in excess of \$1,000 and estimated useful lives in excess of two years. Depreciation expense is calculated using the straight-line method over the following useful lives:

Buildings	39 – 50 Years
Utility Plant	20 – 33 Years
Machinery & Equipment	3 - 20 Years
Infrastructure	15 – 70 Years

Deferred Inflows of Resources – In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds financial statements and in the governmental activities of the government-wide financial statements. The governmental activities in the government-wide statements report unavailable revenues from subsequent year property taxes. The governmental funds report unavailable revenues from subsequent year property taxes, delinquent property taxes, notes receivable and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences - City employees accumulate a limited amount of earned but unused vacation and sick-leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and proprietary fund financial statement. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absences liability attributable to the governmental activities will be paid by the General Fund.

Long-term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business type activities column in the Statement of Net Position and the proprietary fund Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the City Council through ordinance or resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned – Amounts the City intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.

Unassigned – All amounts not included in other spendable classifications.

Classifying Fund Balance Amounts – Fund balance amounts represent the nature of the net resources that are reported in a governmental fund. The City fund balance classifications include non-spendable resources, restricted, and non-restricted (committed, assigned and unassigned) amounts. When the City incurs an expenditure and both restricted and unrestricted amounts are available, the City considers restricted amounts to have been spent. When the City incurs an expenditure for an unrestricted amount, committed amounts are reduced first, followed by assigned amounts and then unassigned amounts for purposes in which any of those unrestricted fund balance classifications could be used. Management's policy is to first spend restricted net position then to spend from unrestricted net position.

Interfund Transactions - Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services provided and used transactions and reimbursements, are reported as transfers.

Landfill Closure Costs - The City is part of an Iowa Code Section 28F agreement with the Plymouth County Solid Waste Agency and, therefore, not required to account for landfill post closure costs.

**E. Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, disbursements exceeded the amounts budgeted in the community and economic development function.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS**

The City's deposits at June 30, 2014, were entirely covered by Federal Depository Insurance or letters of credit held by the City or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. Chapter 12C provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligation of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Deposits at June 30, 2014, are shown below:

	<b>Primary Government</b>	<b>Component Unit</b>	<b>Agency Fund</b>	<b>Fair Value</b>	<b>Rating</b>
Demand Deposits	\$ (311,897)	\$ 8,401,095	\$ 9,261	\$ 8,098,459	N/A
Savings Deposits	13,778,460	-	-	13,778,460	N/A
Time Deposits	148,294	4,460,412	-	4,608,706	N/A
	<u>\$ 13,614,857</u>	<u>\$12,861,507</u>	<u>\$ 9,261</u>	<u>\$26,485,625</u>	

Interest rate risk – The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the City.

Custodial Credit Risk – The City has no policy regarding custodial credit risk and deposits with financial institutions, however, deposits are insured by the state sinking fund, which provides for additional assessments against depositories to avoid loss of public funds.

**Note 3 - RECEIVABLES**

Receivables at June 30, 2014 are net of allowance for uncollectibles. The allowance for uncollectibles of the enterprise funds of the primary government was \$42,138 and the governmental funds of the primary government had an allowance of \$70,000 at June 30, 2014. The component unit had an allowance for uncollectibles of \$3,661,832 at June 30, 2014.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Note 4 - DUE FROM OTHER GOVERNMENTS**

At June 30, 2014, amounts due from other governments were as follows:

Due from the Iowa Department of Transportation for road use tax allocations	\$ 75,811
Due from the Iowa Department of Transportation for construction projects	34,101
Due from the State of Iowa for local option sales taxes	158,187
Due from the State of Iowa for hotel and motel sales taxes	40,971
Due from State of Iowa for flood reimbursement	6,917
Due from the Iowa Economic Development Authority for grant reimbursement	6,371
Due from Governor's Traffic Safety Bureau for police STEP grant	665
Due from the State of Iowa for other	14,535
Due from Plymouth County for other	1,177
Due from the Federal Emergency Management Agency for flood reimbursement	51,880
Due from the Federal Aviation Administration for airport improvements	23,065
Total Due from Other Governments	<u>\$ 413,680</u>

**Note 5 - INTERFUND RECEIVABLES AND PAYABLES**

As of June 30, 2014, short-term interfund borrowings were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
General	Nonmajor Governmental Funds	\$ 364,749
General	Nonmajor Proprietary Funds	17,711
		<u>\$ 382,460</u>

The purpose of the interfund balances is to help finance short-term cash flow shortages of various funds.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 6 - CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

**Primary Government**

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,335,137	\$ -	\$ -	\$ 1,335,137
Construction in Progress	3,677,845	566,025	1,134,254	3,109,616
Total capital assets not being depreciated	5,012,982	566,025	1,134,254	4,444,753
Capital assets being depreciated:				
Buildings	9,416,887	388,421	-	9,805,308
Improvements	4,841,987	701,319	-	5,543,306
Equipment	5,568,774	347,680	275,158	5,641,296
Infrastructure	36,522,035	139,984	-	36,662,019
Total capital assets being depreciated	56,349,683	1,577,404	275,158	57,651,929
Less: Accumulated Depreciation for:				
Buildings	5,211,486	364,828	-	5,576,314
Improvements	3,039,472	204,848	-	3,244,320
Equipment	4,627,677	360,135	209,394	4,778,418
Infrastructure	16,297,566	1,369,142	-	17,666,708
Total Accumulated Depreciation	29,176,201	2,298,953	209,394	31,265,760
Total capital assets being depreciated, net	27,173,482	(721,549)	65,764	26,386,169
Governmental activities capital assets, net	\$ 32,186,464	\$ (155,524)	\$ 1,200,018	\$ 30,830,922

Construction in progress at June 30, 2014, for the governmental activities consisted of costs associated with numerous street and infrastructure additions and improvements.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 6 - CAPITAL ASSETS – (Continued)**

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,547,178	\$ -	\$ 71,119	\$ 1,476,059
Construction in Progress	3,501,331	18,722,552	15,957	22,207,926
Total capital assets not being depreciated	5,048,509	18,722,552	87,076	23,683,985
Capital assets being depreciated:				
Buildings	1,549,607	-	-	1,549,607
Improvements	4,018,905	-	-	4,018,905
Equipment	889,705	248,886	57,430	1,081,161
Utility Plant	42,786,773	141,946	-	42,928,719
Total capital assets being depreciated	49,244,990	390,832	57,430	49,578,392
Less: Accumulated Depreciation	21,133,616	1,609,694	57,060	22,686,250
Total capital assets being depreciated, net	28,111,374	(1,218,861)	370	26,892,143
Business-type activities capital assets, net	\$33,159,883	\$17,503,691	\$ 87,446	\$50,576,128

Construction in progress at June 30, 2014 consisted of costs associated with water main extensions, new water tower, new high speed pump and booster station, waste water treatment plant and storm sewer improvements.

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental Activities:</b>	
Public Safety	\$ 210,631
Public Works	1,690,461
Culture and Recreation	148,541
Community and Economic Development	161,590
General Government	87,730
Total depreciation expense – governmental activities	<u>\$ 2,298,953</u>
<b>Business-Type Activities:</b>	
Water	\$ 639,210
Sewer	782,598
Golf Course	121,338
Storm Sewer	39,686
Solid Waste	26,862
Total depreciation expense – business-type activities	<u>\$ 1,609,694</u>

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 6 - CAPITAL ASSETS – (Continued)**

A summary of changes in capital assets for the discretely presented component unit is as follows:

	Balance July 1, 2013	Additions	Deletions	Transfers	Balance June 30, 2014
<b>Component Unit:</b>					
Capital assets not being depreciated:					
Land	\$ 185,160	\$ -	\$ -	\$ -	\$ 185,160
Construction in Progress	1,228,929	5,543,305	62,290	(764,793)	5,945,151
Total capital assets not being depreciated	1,414,089	5,543,305	62,290	(764,793)	6,130,311
Capital assets being depreciated:					
Land Improvements	873,519	-	-	-	873,519
Buildings and Fixed Equipment	18,238,959	40,379	101,622	244,358	18,422,074
Major Movable Equipment	7,844,113	123,915	293,516	520,435	8,194,947
Intangible – Medical Records	252,633	-	-	-	252,633
Total capital assets being depreciated	27,209,224	164,294	395,138	764,793	27,743,173
Less: Accumulated Depreciation	17,076,146	1,498,046	391,258	-	18,182,934
Total capital assets being depreciated, net	10,133,078	(1,333,752)	3,880	764,793	9,560,239
Component unit capital assets, net	\$ 11,547,167	\$ 4,209,553	\$ 66,170	\$ -	\$ 15,690,550

Construction in progress at June 30, 2014 consisted of renovations to the Hospital.

**Reconciliation of Net Investment in Capital Assets:**

	Governmental Activities	Business-Type Activities	Component Unit
Land	\$ 1,335,137	\$ 1,476,059	\$ 185,160
Construction in Progress	3,109,616	22,207,926	5,945,151
Capital Assets (net of accumulated depreciation)	26,386,169	26,892,142	9,560,239
Less: General Obligation Bonds Payable	4,374,692	928,777	-
Notes Payable	-	299,330	-
Revenue Bonds	-	24,703,170	7,019,618
Capital Lease	290,967	119,236	-
Net Investment in Capital Assets	\$ 26,165,263	\$ 24,525,614	\$ 8,670,932

The Governmental 2012C General Obligation Refunding Notes of \$1,035,000 less discount of \$9,588 is excluded from the total Net Investment in Capital Assets because it was used for an EPA fine.



**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 7 - LONG-TERM DEBT**

**General Obligation Bonds**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and projects. General obligation bonds have been issued for both governmental and business-type activities. These bonds are direct obligations and pledge the full faith and credit of the City.

General obligation bonds outstanding as of June 30, 2014 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amounts</u>
Governmental Activities – 2010 Refunding	2.75-3.125%	June 1, 2018	\$ 175,000
Business-Type Activities – 2010 Refunding	2.75-3.125%	June 1, 2018	910,000
Governmental Activities – 2011 Refunding	.60-2.300%	June 1, 2021	4,195,000
Governmental Activities – 2012C Refunding	.45-1.45%	June 1, 2020	945,000
			<u>6,225,000</u>
Net unamortized premiums and discounts			9,941
Total General Obligation Bonds on Statement of Net Position			<u>\$ 6,234,941</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 995,000	\$ 77,495	\$ 270,000	\$ 26,694
2016	1,015,000	67,220	280,000	18,593
2017	930,000	54,805	285,000	10,894
2018	735,000	42,250	75,000	2,343
2019	710,000	31,243	-	-
2020-2024	930,000	24,632	-	-
Total	<u>\$ 5,315,000</u>	<u>\$ 297,645</u>	<u>\$ 910,000</u>	<u>\$ 58,524</u>

**Revenue Bonds**

The City also has issued revenue bonds where the City pledges income derived from the acquired or constructed asset to pay debt service. These funds have been expended on construction of the water treatment and wastewater treatment facilities. Financing details are as follows:

During fiscal year 2013, the City issued a 2012A sewer revenue bond totaling \$4,135,000. These proceeds were used to refund the 2004 series revenue bonds.

During fiscal year 2013, the City issued a 2012B water revenue bond totaling \$5,865,000. These bonds were issued to refund 2003 and 2005 series water revenue bonds to pay for water infrastructure improvements.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 7 - LONG-TERM DEBT (Continued)**

During fiscal year 2014, the City began drawing down on the 2013 taxable sewer revenue note for costs related to the wastewater treatment plant. The total amount expected to be drawn on the bonds is \$19,500,000. As of June 30, 2014, the City had drawn \$16,788,702 on the loans, which accrue interest at 3.1%. The City will continue to draw down funding on the revenue notes as needed as progress continues on the project.

Revenue bonds outstanding at June 30, 2014 are as follows:

**Primary Government**

<u>Purpose</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amounts</u>
Business-type Activities- Sewer 2012A Revenue Bonds	.50-1.3%	June 1, 2019	\$ 3,100,000
Business-type Activities – Water 2012B Revenue Bonds	.50-2.70%	June 1, 2028	4,905,000
Business-type Activities – Sewer 2013 Revenue Notes	3.10%	June 1, 2032	16,788,702
			<u>24,793,702</u>
Net of unamortized bond discount			90,532
Total Revenue Bonds on Statement of Net Position			<u>\$ 24,703,710</u>

**Revenue Bonds**

Annual revenue bond debt service requirement to maturity are as follows:

<u>Year</u>	<u>Business-Type Activities</u>	
<u>Ending</u>	<u>Principal</u>	<u>Interest</u>
<u>June 30,</u>		
2015	\$ 1,735,000	\$ 357,967
2016	1,760,000	683,625
2017	1,785,000	656,403
2018	1,815,000	626,687
2019	1,850,000	595,222
2020-2024	6,670,000	2,424,357
2025-2029	7,460,000	1,355,282
2030-2031	1,718,702	230,795
Total	<u>\$24,793,702</u>	<u>\$ 6,930,338</u>

**Advance and Current Refundings**

In June 2010, the City issued \$2,095,000 of General Obligation Bonds, which is a crossover advance refunding of the 2002 and 2003 corporate purpose general obligation bonds. The 2002 and 2003 corporate purpose general obligation bonds were paid off in full during fiscal year 2011. The 2010 bonds carry an average interest rate of 2.94% and the 2002 and 2003 bonds refunded had an average interest rate of 4.18% and 3.35%. This resulted in a reduction of its debt service payments over the next eight years by \$87,054, and an economic gain of \$81,783.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Note 7 - LONG-TERM DEBT (Continued)**

In October 2011, the City issued \$4,950,000 of General Obligation Refunding Bonds, Series 2011 in a crossover advance refunding of Series 2006B General Obligation Corporate Purpose and Refunding Bonds. The 2011 bonds have an average interest rate of 1.45% and the 2006 bonds being refunded have an average interest rate of 4.0%. The 2006B General Obligation Corporate Purpose and Refunding Bonds were paid off in full during fiscal year 2013. As a result of this refunding, the City reduced its debt service payments over the next eight years by \$321,515, and obtain an economic gain of \$283,794.

In December 2012, the City issued \$4,135,000 of sewer revenue bonds Series 2012A, which was used to refund 2004 state revolving loan fund sewer revenue bonds. The 2012A series bonds carry an average interest rate of 1.02% and the 2004 series revenue bonds carried an interest rate of 3.25%. This resulted in a reduction of the City's debt service payments over the next nine years by \$555,880, and obtained an economic gain of \$425,659.

In December 2012, the City issued \$5,865,000 of water revenue improvements and refunding bonds Series 2012B, which a portion was used to refund 2003 state revolving loan fund water revenue bonds. The 2012B series bonds carry an average interest rate of 1.02% and the 2003 state revolving loan fund water revenue bonds carried an interest rate of 3.25%. This resulted in a reduction of the City's debt service payments over the next eight years by \$339,396, and obtained an economic gain of \$264,210.

In December 2012, the City issued \$1,115,000 of general obligation refunding bonds Series 2012C, which was used to refund 2007 state revolving fund general obligation bonds. The 2012C series bonds carry an average interest rate of 1.02% and the 2007 series bonds carried an interest rate of 3.0%. This resulted in a reduction of the City's debt service payments over the next 13 years by \$218,014, and obtained an economic gain of \$154,466.

**Component Unit**

The hospital entered into a loan agreement with the City for the purpose of financing improvements to expand and remodel portions of the existing facilities and to refund the Series 2002 revenue notes. This loan agreement does not constitute general obligation of the City and is payable solely from net revenues of the hospital. The Series 2013 hospital revenue bonds allow for \$25,600,000 to be drawn down. As of June 30, 2014, \$7,019,618 had been drawn on the bonds. The hospital will continue to request advances on the revenue bonds as work progresses on the project.

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amounts</u>
Hospital/Component Unit	2.1%	\$ 3,339,235
Hospital/Component Unit	2.95%	3,594,382
Hospital/Component Unit	3.5%	50,001
		<u>\$ 7,019,618</u>

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 7 - LONG-TERM DEBT (Continued)**

Scheduled principal and interest repayments on revenue notes are as follows:

Year Ending June 30,	Rural Economic Development Loan		Revenue Notes Payable	
	Principal	Interest	Principal	Interest
2015	\$ 36,000	\$ -	\$ -	\$ -
	\$ 36,000	\$ -	\$ -	\$ -

Maturities on the Series 2013A, 2013B and 2013C Hospital Revenue Bonds will be determined at the final advance date for each issue. The revenue bond resolutions require, among other things, the maintenance of a sinking fund which will be maintained.

**Notes Payable**

In April 2012, the City agreed to borrow up to \$390,000 from Iowa State Revolving fund for planning and design of the City's upcoming water improvement projects. The City drew down \$112,148 during fiscal year 2014. As of June 2014, the total outstanding balance on the note was \$299,330. The note bears no interest and has a maturity date of June 15, 2015. No principal payments are required until the maturity date.

**Capital Leases**

In fiscal year 2010, the City entered into capital lease agreements for the acquisition of a motor grader and fairway mower. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of its minimum lease payments as of the inception date.

In fiscal year 2012, the City entered into capital lease agreement for the acquisition of a wheel loader and tractor. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its minimum lease payments as of the inception date.

In fiscal year 2013, the City entered into a capital lease agreement for the acquisition of a skid loader. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its minimum lease payments at the inception date.

In fiscal year 2014, the City entered into a capital lease agreement for the acquisition of a wheel loader and backhoe. These lease agreements qualify as a capital lease for accounting purposes, and therefore, have been recorded at the present value of its minimum lease payments as of the inception dates.

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activities
Asset:		
Equipment	\$ 387,692	\$ 123,042
Less: Accumulated Depreciation	228,092	75,211
Total	\$ 159,600	\$ 47,831

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 7 - LONG-TERM DEBT (Continued)**

The following is a schedule of future minimum lease payments under capital lease, together with the net present value of the minimum lease payments as of June 30, 2014.

Year Ending June 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 65,417	\$ 8,491	\$ 73,908	\$ 27,248	\$ 966	\$ 30,916
2016	66,465	7,444	73,909	31,162	2,456	30,916
2017	39,166	5,184	44,350	16,658	1,838	18,496
2018	35,268	3,844	39,112	17,301	1,195	18,497
2019	36,395	2,717	39,112	8,666	887	9,553
2020-2021	48,256	1,907	50,163	18,200	906	19,106
Minimum Lease Payments			320,554			127,483
Less: Amount Representing Interest			(29,587)			(8,248)
Present Value of Minimum Lease Payments			<u>\$ 290,967</u>			<u>\$ 119,236</u>

**Changes in Long-Term Liabilities**

Long-Term liability activity for the year ended June 30, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation	\$ 6,245,000	\$ -	\$ 930,000	\$ 5,315,000	\$ 995,000
Unaccreted Bond Premium	5,891	-	1,199	4,692	-
Unaccreted Bond Discount	(14,569)	1,041	-	(13,528)	-
Other Post Employment Benefits	87,423	20,439	-	107,862	-
Capital Lease	273,037	70,159	52,229	290,967	65,417
Compensated Absences	862,441	201,301	172,488	891,254	178,251
Governmental Activity					
Long-Term Liabilities	7,459,223	292,940	1,155,916	6,596,247	1,238,668
<b>Business-Type Activities:</b>					
Bonds Payable:					
General Obligation	1,165,000	-	255,000	910,000	270,000
Unaccreted Bond Premium	23,571	-	4,794	18,777	-
Revenue Bonds	9,205,000	16,788,702	1,200,000	24,793,702	1,735,000
Unaccreted Bond Discount	(95,266)	-	(4,734)	(90,532)	-
Notes Payable	187,182	112,148	-	299,330	-
Capital Lease	36,236	100,902	17,902	119,236	27,248
Compensated Absences	152,773	77,539	30,555	199,757	45,955
Business-Type Activity					
Long-Term Liabilities	10,674,496	17,079,291	1,503,517	26,250,270	2,078,203
<b>Component Unit:</b>					
Bonds Payable:					
Revenue Bonds	3,740,000	6,983,618	3,740,000	6,983,618	-
Rural Economic Development Note	108,000	-	72,000	36,000	36,000
Less Deferred Amounts:					
Of Bond Discount	(74,800)	-	(74,800)	-	-
Total Bonds Payable	<u>\$ 3,773,200</u>	<u>\$ 6,983,618</u>	<u>\$ 3,737,200</u>	<u>\$ 7,019,618</u>	<u>\$ 36,000</u>

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 8 -     TRANSFERS**

The following is a summary of transfers between funds:

	General	TIF	Nonmajor Governmental	Sewer	Water	Nonmajor Enterprise	Total Transfer In
General	\$ -	\$ 98,000	\$ 303,500	\$ 262,768	\$ 262,768	\$ 103,037	\$1,030,073
Debt Service	-	429,315	92,575	-	-	-	521,890
STP FHWA Projects	-	111,948	-	-	-	-	111,948
Nonmajor Governmental	50,000	1,240,121	1,126,494	-	-	-	2,416,615
Nonmajor Enterprise	-	-	159,109	-	-	-	159,109
Transfer Out	\$ 50,000	\$1,879,384	\$ 1,681,678	\$ 262,768	\$ 262,768	\$ 103,037	\$4,239,635

Transfers are used to:

1. Move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.
2. To move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due.
3. To use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 9-     PENSION AND RETIREMENT**

**Iowa Public Employees Retirement System** - The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute plan to members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 5.95% of their annual covered salary and the City is required to contribute 8.93% of covered salary. Certain employees are covered by another plan. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$264,019, \$245,604 and \$218,838, respectively, equal to the required contributions for each year.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Note 9- PENSION AND RETIREMENT – (Continued)**

**Municipal Fire and Police Retirement System of Iowa** – The City contributes to the Municipal Fire & Police Retirement System of Iowa (MFPRSI), which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. MFPRSI provides retirement, disability and death benefits which are established by State statute to plan members and beneficiaries. MFPRSI issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to MFPRSI, 7155 Lake Drive, Suite 201, West Des Moines, Iowa 50266.

Plan members are required to contribute 9.40% of earnable compensation and the City's contribution rate, based upon an actuarially determined normal contribution rate, is 30.12% of earnable compensation. Contribution rates are established by State statute. The City's contribution to MFPRSI for the years ended June 30, 2014, 2013 and 2012 were \$270,389, \$224,467 and \$210,773, respectively, which met the required minimum contribution for each year.

**Note 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

The City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions* during the year ended June 30, 2009.

Plan Description. The City operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 54 active and no retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is a partially self-funded medical plan, administered by Avera Health. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy. The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation. The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) – (Continued)**

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

Annual required contribution	\$ 26,817
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	26,817
Contributions made	(6,378)
Increase in net OPEB obligation	20,439
Net OPEB obligation beginning of year	87,423
Net OPEB obligation end of year	<u>\$ 107,862</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 27,226	43%	\$ 15,515
June 30, 2010	\$ 27,226	43%	\$ 31,030
June 30, 2011	\$ 27,226	43%	\$ 46,545
June 30, 2012	\$ 26,817	24%	\$ 66,984
June 30, 2013	\$ 26,817	24%	\$ 87,423
June 30, 2014	\$ 26,817	24%	\$107,862

**Funded Status and Funding Progress.** As of June 30, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$238,651, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$238,651. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,126,273 and the ratio of the UAAL to covered payroll was 6.8%. As of June 30, 2014, there were no trust fund assets.

**Actuarial Methods and Assumptions.** Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information



**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Note 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) – (Continued)**

in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of June 30, 2012 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 4.5% discount rate based on the City's funding policy. The projected annual medical trend rate is 7%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the 2004 United States Life Tables. Based on the assumption that retirees were assumed to participate in the insurance until their sick leave account was exhausted. At that time continued participation was assumed to be 10% and 0% for active employees that are currently waiving coverage.

Projected claim costs of the medical plan are \$14,715 and \$15,818 annually for retirees and spouses, respectively, less than age 65. The salary increase rate was assumed to be 3.0% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**Note 11- MAJOR CUSTOMER**

During the year ended June 30, 2014, charges for services provided by the sewer utility of the City to Wells' Enterprises, Inc. was \$1,380,505 and to Dean's Food's, Inc. was \$550,990. This represents 46% and 18%, respectively, of total sewer charges for service. Charges for services provided by the water utility of the City to Wells' Enterprises, Inc. was \$472,867 which represents 25% of total water charges for services.

**Note 12 - DEFICIT FUND EQUITY**

The City has three funds with deficit equity balances at June 30, 2014. The City intends to finance these deficits from various resources including; general funds, special assessments, future TIF collections, and capital project debt financing.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Note 12 - DEFICIT FUND EQUITY – (Continued)**

The individual fund deficits were as follows:

Special Revenue – Westmar University TIF .....	\$ 13,841
Capital Project – STP FHWA Projects .....	163,424
Capital Project – Street Construction .....	47,475

**Note 13- RISK MANAGEMENT**

**Medical Insurance** – As of July 1, 2001, the City began using a partially self-funded medical insurance program accounted for in an internal service fund. Costs of the program include medical benefits, administration fees and premiums for stop-loss coverage with limits of \$40,000 per covered employee per year. Based on prior year claims, the City was required to cover costs up to \$150,000 for one of its covered employees during the 2011 fiscal year. This was the only year where settled claims exceeded commercial insurance coverage in any of the past four fiscal years. Settled claims resulting from these or any other of the following risks have not exceeded commercial insurance coverage in any of the past four fiscal years, except as noted above.

Claims payable and estimated claims incurred but not reported are recorded as liabilities of the Internal Service Fund.

	<b>2014</b>	<b>2013</b>
Unpaid claims, beginning of fiscal year	\$ 113,757	\$ 96,476
Incurred claims (including IBNR's)	688,746	929,238
Claim payments	(706,824)	(911,957)
Unpaid claims, end of fiscal year	<u>\$ 95,679</u>	<u>\$ 113,757</u>

The City is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 700 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public official's liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Note 13- RISK MANAGEMENT- (Continued)**

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2014 were \$188,687.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$15,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool, up to \$250,000 each occurrence, each location, with excess coverage reinsured by Lexington Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2014, no liability has been recorded in the City's financial statements. As of June 30, 2014, settled claims have not exceeded the risk pool or reinsurance company coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions, however, the refund is reduced by an amount equal to the annual casualty operating contribution, which the withdrawing member would have made for the one-year period following withdrawal.

The City also participates in the Iowa Municipalities Workers' Compensation Association (IMWCA) for workman's compensation insurance.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Note 14-     COMMITMENTS**

During the year ended June 30, 2014, the City had entered into several construction contracts totaling approximately \$27,936,201 of which approximately \$22,368,231 has been expended to date. The remaining balance of \$5,567,970 will be paid as work progresses.

During the year ended June 30, 2002, the City entered into a 28E Agreement with Plymouth County and surrounding communities to contribute funds for the construction of a County jail from local option sales tax proceeds. The City of Le Mars has agreed to contribute a total of \$2,166,101 through November 2016. As of June 30, 2014, the City has made payments totaling \$1,741,483.

During the year ended June 30, 2014, the City entered into an agreement with Van's Sanitation approving a \$100,000 forgivable loan. As of June 30, 2014, this commitment had not been fulfilled.

**Note 15 -     NOTES RECEIVABLE**

In January 2000, the City sold 75.87 acres in the Killeas Industrial Park to the Le Mars Business Initiative Corporation (LBIC) for \$8,000 per acre. In addition, the City and the LBIC have entered into a development agreement for which the City pays all costs to develop this property. The LBIC plans to market the land to prospective businesses. As each lot is sold by the LBIC, the net purchase price will be immediately payable to the City of Le Mars until such time as all costs associated with this project have been repaid. The note receivable as of June 30, 2014 is \$158,400.

In August 2004, the City loaned the LBIC \$110,000 which was then passed along to Prime Living Apartments as an Economic Development Loan. The loan is a 20 year 1% loan with interest payments due annually beginning December 31, 2005 and the principal due in a one time balloon payment on or before December 31, 2025.

Beginning in FY 2006 the City to date has contributed \$525,000 to the LBIC, for the acquisition of the Winter's feedlot property to initiate development near the Well's Enterprises Corporate Campus. Plymouth County also contributed in equal amounts to this project. These amounts will be repaid as funds are available from the sales of any of the property. In addition, the City incurred \$188,577 of expenditures related to the clean up and restoration of the Crescent Ridge Property. The City was reimbursed for these costs when a portion of the property was sold in fiscal year 2011. The full amounts of the original contributions will be repaid to the City as funds are available from future sales. During the year ended June 30, 2013, the City purchased Plymouth County's one-half interest in the Crescent Ridge Development for \$297,500. No other activity occurred during fiscal year 2013 or fiscal year 2014. At June 30, 2014, this loan had a remaining balance of \$830,458.

On September 1, 2009, the City agreed to provide a \$200,000, no interest, unsecured loan to aid the Le Mars Area Dialysis Organization for construction of their new dialysis facility. All of these funds were drawn during fiscal year 2011. The first payment was not required until 18 months after Le Mars Area Dialysis received official Medicare approval to operate. Le Mars Area Dialysis received Medicare approval to operate during calendar year 2012. As of June 30, 2014, this loan had a remaining balance of \$50,000.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Note 15 -     NOTES RECEIVABLE (Continued)**

In September 2010, the City completed construction of a parking lot for a health care facility leased by Weinberg Investments, Inc. Total construction costs were \$155,000, of which the City will be reimbursed by Weinberg Investments, Inc., this note accrues interest at a rate of 3.5% per year. Interest only payments started March 1, 2011 and will continue until March 1, 2014. A balloon payment of all principal and accrued interest remaining on the promissory note is scheduled to be paid March 1, 2015.

During fiscal year 2011 the City distributed \$125,000 in the form of a forgivable loan to Royal Theatres, LLC. There will be no principal or interest payments required, provided Royal Theatres, LLC remains in business as a movie theater. For each year that passes, \$25,000 will be forgiven provided Royal Theatres, LLC continues to operate as a movie theater thus after 5 years the entire loan would be forgiven. As of June 30, 2014 Royal Theatres, LLC is in compliance with loan requirements and the note balance is \$50,000.

In December 2013, the City agreed to provide a \$33,000 interest-free loan to LBIC. There will be no monthly payments with the total balance due on October 31, 2014.

**Note 16 -     SUBSEQUENT EVENTS**

On July 1, 2014, the City Council approved water revenue loans not to exceed \$1,010,000 to cover the cost of the new meter project. As of the date of this report, the City had not made any draw downs on the loans.

On February 17, 2015, the City Council approved terminating the joint agreement for the Highway 75 Bypass Urban Renewal Area between the City and Plymouth County. The City is now solely responsible for this urban renewal area. The City has entered into a TIF Revenue Sharing agreement with the County to provide the full payment of prior County TIF Obligations which are payable from current and future incremental property tax revenues derived from the urban renewal area. It is anticipated that the City's total commitment of incremental property tax revenues in respect to these payments will not exceed \$9,615,000. These payments are for the repayment of principal and interest on the County's Series 2011 General Obligation Bonds as well as repayment of the County's unpaid internal balances remaining on various projects within the urban renewal area.

**Note 17 -     PROSPECTIVE ACCOUNTING CHANGE**

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27*. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

**CITY OF LE MARS, IOWA**

**BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN BALANCES - BUDGET AND ACTUAL (CASH BASIS) -**

**Governmental Funds and Proprietary Funds  
REQUIRED SUPPLEMENTARY INFORMATION**

**For the Year Ended June 30, 2014**

	Governmental Fund Type Actual	Proprietary Funds Actual	Floyd Valley Hospital
Receipts:			
Taxes	\$ 6,657,318	\$ -	\$ -
Tax Increment Financing	4,103,927	-	-
Other Tax	-	-	-
Licenses and Permits	132,530	-	-
Use of Money and Property	305,789	120,715	-
Intergovernmental	1,200,170	-	-
Charges for Services	943,225	6,081,844	34,098,685
Miscellaneous	528,132	68,012	1,089,899
Total	<u>13,871,091</u>	<u>6,270,571</u>	<u>35,188,584</u>
Disbursements:			
Public Safety	3,027,562	-	-
Public Works	1,192,777	-	-
Culture and Recreation	1,840,663	-	-
Community and Economic Development	515,542	-	-
General Government	1,329,324	-	-
Capital Projects	2,240,268	-	-
Debt Service	1,015,980	-	-
Business Type Activities	-	23,289,648	40,783,379
Total Disbursements	<u>11,162,116</u>	<u>23,289,648</u>	<u>40,783,379</u>
Excess (deficiency) of receipts over disbursements	2,708,975	(17,019,077)	(5,594,795)
Other financing sources net:			
Proceeds from Debt Financing	-	16,900,850	6,983,618
Sale of Assets	48,049	140,066	5,449
Interfund Transfers In	4,080,526	159,109	-
Interfund Transfers Out	(3,611,062)	(628,573)	-
Total other financing sources net	<u>517,513</u>	<u>16,571,452</u>	<u>6,989,067</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,226,488	(447,625)	1,394,272
Balances - beginning of year	2,951,996	7,353,591	11,467,235
Balances - end of year	<u>\$ 6,178,484</u>	<u>\$ 6,905,966</u>	<u>\$ 12,861,507</u>

Total Actual	Budgeted Amounts		Final Budget
	Original	Final	
\$ 6,657,318	\$ 4,418,739	\$ 4,418,739	\$ (2,238,579)
4,103,927	3,899,574	3,899,574	(204,353)
-	1,364,946	1,364,946	1,364,946
132,530	58,750	63,750	(68,780)
426,504	281,300	291,300	(135,204)
1,200,170	1,040,500	1,163,200	(36,970)
41,123,754	45,885,850	45,950,850	4,827,096
1,686,043	97,000	242,000	(1,444,043)
<u>55,330,246</u>	<u>57,046,659</u>	<u>57,394,359</u>	<u>2,064,113</u>
3,027,562	2,508,820	3,041,820	14,258
1,192,777	930,317	1,720,317	527,540
1,840,663	1,705,796	1,888,796	48,133
515,542	346,406	481,406	(34,136)
1,329,324	1,306,356	1,451,356	122,032
2,240,268	4,787,769	3,997,769	1,757,501
1,015,980	1,014,981	1,016,981	1,001
64,073,027	43,861,415	68,286,415	4,213,388
<u>75,235,143</u>	<u>56,461,860</u>	<u>81,884,860</u>	<u>6,649,717</u>
(19,904,897)	584,799	(24,490,501)	4,585,604
23,884,468	-	24,100,000	(215,532)
193,564	-	-	193,564
4,239,635	7,667,305	7,667,305	(3,427,670)
(4,239,635)	(7,667,305)	(7,667,305)	3,427,670
<u>24,078,032</u>	<u>-</u>	<u>24,100,000</u>	<u>(21,968)</u>
4,173,135	584,799	(390,501)	4,563,636
21,772,822	21,772,822	21,772,822	-
<u>\$ 25,945,957</u>	<u>\$ 22,357,621</u>	<u>\$ 21,382,321</u>	<u>\$ 4,563,636</u>

**CITY OF LE MARS, IOWA**  
**BUDGET TO GAAP RECONCILIATION**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2014**

	<b>Governmental Funds</b>		
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>Modified Accrual Basis</b>
Revenues	\$ 13,871,091	\$ (1,021,355)	\$ 12,849,736
Expenditures	11,162,116	(966,688)	10,195,428
Net	2,708,975	(54,667)	2,654,308
Other Financing Sources, net	517,513	69,364	586,877
Beginning Fund Balance	2,951,996	1,660,367	4,612,363
Ending Fund Balance	<u>\$ 6,178,484</u>	<u>\$ 1,675,064</u>	<u>\$ 7,853,548</u>

	<b>Enterprise Funds</b>		
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>Accrual Basis</b>
Revenues	\$ 6,270,571	\$ (47,568)	\$ 6,223,003
Expenses	23,289,648	(17,575,426)	5,714,222
Net	(17,019,077)	17,527,858	508,781
Other Financing Sources, net	-	26,703	26,703
Beginning Net Position	7,353,591	22,427,281	29,780,872
Ending Net Position	<u>\$ (9,665,486)</u>	<u>\$ 39,981,842</u>	<u>\$ 30,316,356</u>

	<b>Component Unit</b>		
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>Accrual Basis</b>
Revenues	\$ 35,188,584	\$ 352,264	\$ 35,540,848
Expenses	40,783,379	(6,865,461)	33,917,918
Net	(5,594,795)	7,217,725	1,622,930
Beginning Net Position	11,467,235	8,398,209	19,865,444
Ending Net Position	<u>\$ 12,861,507</u>	<u>\$ 8,626,867</u>	<u>\$ 21,488,374</u>



**CITY OF LE MARS**  
**Notes to Required Supplementary Information – Budgetary Reporting**  
**June 30, 2014**

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The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Agency Funds and the Internal Service Funds, and appropriates the amount deemed necessary for each of the different City offices and departments. The budgets may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end. The budget was amended once during the year.

Formal and legal budgetary control is based upon nine major classes of expenditures known as functions, not by fund. These nine functions are: public safety, public works, community and economic development, health and social services, culture and recreation, general government, debt service, capital projects, and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$25,423,000. The budget amendment is reflected in the final budgeted amounts.

During the fiscal year ended June 30, 2014, disbursements exceeded budgeted amounts in community and economic development function.

CITY OF LE MARS, IOWA  
Schedule of Funding Progress for the  
Retiree Health Plan

Required Supplementary Information							
Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2008	-	\$ 234,941	\$ 234,941	0.00%	\$2,770,000	8.5%
2011	July 1, 2008	-	\$ 234,941	\$ 234,941	0.00%	\$2,770,000	8.5%
2012	June 30, 2012	-	\$ 238,651	\$ 238,651	0.00%	\$2,911,872	8.2%
2013	June 30, 2012	-	\$ 238,651	\$ 238,651	0.00%	\$3,126,273	7.6%
2014	June 30, 2012	-	\$ 238,651	\$ 238,651	0.00%	\$3,782,938	6.3%

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

**CITY OF LE MARS, IOWA**  
**COMBINING BALANCE SHEET**  
**Governmental Nonmajor Funds**  
**JUNE 30, 2014**

	Special Revenue Funds			
	Community Betterment	Westmar University TIF	Joint Urban Renewal TIF	Police Pension Fund
<b>Assets</b>				
Cash and Pooled Investments	\$ 76,820	\$ -	\$ 112,916	\$ 10,698
Investments	-	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	-	-	-	-
Taxes	-	346	-	1,516
Subsequent Year Taxes	-	339,068	-	279,919
Accrued Interest	-	-	-	-
Special Assessments	-	-	-	-
Notes Receivable	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-
<b>Total Assets</b>	<u>76,820</u>	<u>339,414</u>	<u>112,916</u>	<u>292,133</u>
<b>Liabilities:</b>				
Accounts Payable	-	-	-	-
Due to Other Funds	-	14,187	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>14,187</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue-				
Subsequent Year Property Taxes	-	339,068	-	279,919
Delinquent Property Tax	-	-	-	142
Special Assessment	-	-	-	-
Note Receivable	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>339,068</u>	<u>-</u>	<u>280,061</u>
<b>Fund Balances:</b>				
Nonspendable:				
Notes Receivable	-	-	-	-
Perpetual Care	-	-	-	-
Restricted for:				
Road Surface Repairs	-	-	-	-
Employee Benefits	-	-	-	12,072
Tax Increment Financing	-	-	112,916	-
Law Enforcement	-	-	-	-
Local Option Sales Tax	-	-	-	-
Tree Farm	-	-	-	-
Community Betterment	76,820	-	-	-
Assigned for:				
Capital Improvement	-	-	-	-
Capital Improvement and Facilities	-	-	-	-
Unassigned	-	(13,841)	-	-
<b>Total Fund Balances (Deficits)</b>	<u>76,820</u>	<u>(13,841)</u>	<u>112,916</u>	<u>12,072</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 76,820</u>	<u>\$ 339,414</u>	<u>\$ 112,916</u>	<u>\$ 292,133</u>

Special Revenue Funds					
Unemploy- ment	Road Use Tax	Local Option Sales Tax	Special Law Enforcement	Tree Farm	
\$ 58,515	\$ 781,509	\$ 121,872	\$ 7,792	\$ 13,525	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	50,000	-	-	
-	75,811	158,187	-	-	
58,515	857,320	330,059	7,792	13,525	
-	36,088	90	-	-	
-	-	-	-	-	
-	36,088	90	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
58,515	821,232	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	7,792	-	
-	-	329,969	-	-	
-	-	-	-	13,525	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
58,515	821,232	329,969	7,792	13,525	
\$ 58,515	\$ 857,320	\$ 330,059	\$ 7,792	\$ 13,525	

(continued)

**CITY OF LE MARS, IOWA**  
**COMBINING BALANCE SHEET**  
**Governmental Nonmajor Funds**  
**JUNE 30, 2014**

	<b>Capital Project</b>			
	<b>Industrial Park</b>	<b>Airport Runway Extension</b>	<b>Street Construction</b>	<b>Public Safety Building Improvement</b>
<b>Assets</b>				
Cash and Pooled Investments	\$ 427,521	\$ 20,284	\$ -	\$ 394,584
Investments	-	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	-	-	-	-
Taxes	-	-	-	-
Subsequent Year Taxes	-	-	-	-
Accrued Interest	-	-	1,808	-
Special Assessments	-	-	14,966	-
Notes Receivable	158,400	-	155,000	-
Due from Other Governmental Agencies	-	28,657	-	-
<b>Total Assets</b>	<b>585,921</b>	<b>48,941</b>	<b>171,774</b>	<b>394,584</b>
<b>Liabilities:</b>				
Accounts Payable	9,748	7,790	-	21,043
Due to Other Funds	-	-	49,283	-
<b>Total Liabilities</b>	<b>9,748</b>	<b>7,790</b>	<b>49,283</b>	<b>21,043</b>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue-				
Subsequent Year Property Taxes	-	-	-	-
Delinquent Property Tax	-	-	-	-
Special Assessment	-	-	14,966	-
Note Receivable	-	-	155,000	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>169,966</b>	<b>-</b>
<b>Fund Balances:</b>				
Nonspendable:				
Notes Receivable	158,400	-	155,000	-
Perpetual Care	-	-	-	-
Restricted for:				
Road Surface Repairs	-	-	-	-
Employee Benefits	-	-	-	-
Tax Increment Financing	-	-	-	-
Law Enforcement	-	-	-	-
Local Option Sales Tax	-	-	-	-
Tree Farm	-	-	-	-
Community Betterment	-	-	-	-
Assigned for:				
Capital Improvement	417,773	41,151	-	-
Capital Improvement and Facilities	-	-	-	373,541
Unassigned	-	-	(202,475)	-
<b>Total Fund Balances (Deficits)</b>	<b>576,173</b>	<b>41,151</b>	<b>(47,475)</b>	<b>373,541</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 585,921</b>	<b>\$ 48,941</b>	<b>\$ 171,774</b>	<b>\$ 394,584</b>

Capital Project Funds				Permanent Fund	Total Governmental
TIF Capital Projects	Joint Urban Renewal	Business Park	Storm Sewer Drainage Imp.	Cemetery Perpetual Care Fund	Nonmajor Funds
\$ 224,548	\$ -	\$ 180,816	\$ -	\$ -	\$ 2,431,400
-	-	-	-	148,294	148,294
1,890	-	-	-	-	1,890
-	-	-	-	-	1,862
-	-	-	-	-	618,987
-	-	-	-	-	1,808
2,015	-	-	-	-	16,981
-	830,458	-	-	-	1,193,858
-	-	-	-	-	262,655
228,453	830,458	180,816	-	148,294	4,677,735
20,247	1,483	22,666	-	-	119,155
-	128,111	-	-	-	191,581
20,247	129,594	22,666	-	-	310,736
-	-	-	-	-	618,987
-	-	-	-	-	142
2,015	-	-	-	-	16,981
-	-	-	-	-	155,000
2,015	-	-	-	-	791,110
-	830,458	-	-	-	1,143,858
-	-	-	-	148,294	148,294
-	-	-	-	-	821,232
-	-	-	-	-	70,587
-	-	-	-	-	112,916
-	-	-	-	-	7,792
-	-	-	-	-	329,969
-	-	-	-	-	13,525
-	-	-	-	-	76,820
206,191	-	-	-	-	665,115
-	-	-	-	-	373,541
-	(129,594)	158,150	-	-	(187,760)
206,191	700,864	158,150	-	148,294	3,575,889
\$ 228,453	\$ 830,458	\$ 180,816	\$ -	\$ 148,294	\$ 4,677,735

**CITY OF LE MARS, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Nonmajor Funds**  
**For the Year Ended June 30, 2014**

	Special Revenue Funds			
	Community Betterment	Westmar University TIF	Joint Urban Renewal TIF	Police Pension Fund
Revenue:				
Taxes	\$ -	\$ 332,158	\$ 1,074,809	\$ 262,439
Special Assessments	-	-	-	-
Intergovernmental Revenue	-	-	-	-
Charges for Services	-	-	-	-
Contributions	19,791	-	-	-
Refunds/Reimbursements	-	-	-	-
Rental Income	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenue	19,791	332,158	1,074,809	262,439
Expenditures:				
Public Safety	-	-	-	270,389
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Community and Economic Development	16,350	7,492	-	-
General Government	-	-	-	-
Capital Projects	10,074	-	66,446	-
Total Expenditures	26,424	7,492	66,446	270,389
Excess (deficiency) of revenues over expenditures	(6,633)	324,666	1,008,363	(7,950)
Other financing sources (uses):				
Transfers In	276,494	-	-	-
Transfers Out	-	(19,000)	(900,000)	-
Total other financing sources (uses)	276,494	(19,000)	(900,000)	-
Net Change in Fund Balance	269,861	305,666	108,363	(7,950)
Fund balances (deficits) -beginning of year	(193,041)	(319,507)	4,553	20,022
Fund balances (deficits) - end of year	\$ 76,820	\$ (13,841)	\$ 112,916	\$ 12,072

Special Revenue Funds				
Unemploy- ment	Road Use Tax	Local Option Sales Tax	Special Law Enforcement	Tree Farm
\$ 9,783	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	976,507	970,224	-	-
-	-	-	-	-
-	-	-	10,996	1,000
-	-	2,500	-	-
-	-	-	-	-
-	-	483	3	-
-	-	-	-	-
9,783	976,507	973,207	10,999	1,000
-	-	-	7,180	-
-	305,451	-	-	-
-	-	-	-	2,130
-	-	-	-	-
7,247	-	-	-	-
-	-	345,265	-	-
7,247	305,451	345,265	7,180	2,130
2,536	671,056	627,942	3,819	(1,130)
-	-	-	-	-
-	(150,000)	(595,085)	-	-
-	(150,000)	(595,085)	-	-
2,536	521,056	32,857	3,819	(1,130)
55,979	300,176	297,112	3,973	14,655
\$ 58,515	\$ 821,232	\$ 329,969	\$ 7,792	\$ 13,525

(continued)



**CITY OF LE MARS, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Nonmajor Funds**  
**For the Year Ended June 30, 2014**

	<b>Capital Project Funds</b>			
	<b>Industrial Park</b>	<b>Airport Runway Extension</b>	<b>Street Construction</b>	<b>Public Safety Building Improvement</b>
Revenue:				
Taxes	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	16,792	-
Intergovernmental Revenue	34,675	63,861	-	-
Charges for Services	-	-	-	-
Contributions	-	-	-	31,211
Refunds/Reimbursements	-	-	26,198	-
Rental Income	-	-	-	-
Interest	-	-	5,530	-
Miscellaneous	795	-	-	-
Total Revenue	35,470	63,861	48,520	31,211
Expenditures:				
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Community and Economic Development	104,473	-	-	-
General Government	-	-	-	-
Capital Projects	-	198,139	26,198	93,646
Total Expenditures	104,473	198,139	26,198	93,646
Excess (deficiency) of revenues over expenditures	(69,003)	(134,278)	22,322	(62,435)
Other financing sources (uses):				
Transfers In	733,084	45,000	-	-
Transfers Out	-	-	-	-
Total other financing sources (uses)	733,084	45,000	-	-
Net Change in Fund Balance	664,081	(89,278)	22,322	(62,435)
Fund balances (deficits) -beginning of year	(87,908)	130,429	(69,797)	435,976
Fund balances (deficits) - end of year	\$ 576,173	\$ 41,151	\$ (47,475)	\$ 373,541

Capital Project Funds				Permanent Fund	Total Governmental Nonmajor Funds
TIF Capital Projects	Joint Urban Renewal	Business Park	Storm Sewer Drainage Imp.	Cemetery Perpetual Care Fund	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,679,189
-	-	-	-	-	16,792
-	-	-	-	-	2,045,267
-	-	-	-	1,974	1,974
-	-	-	-	-	62,998
-	12,093	-	-	-	40,791
3,690	-	-	-	-	3,690
-	-	-	-	-	6,016
-	-	-	-	-	795
3,690	12,093	-	-	1,974	3,857,512
-	-	-	-	-	277,569
-	-	-	-	-	305,451
-	-	-	-	-	2,130
-	-	-	-	-	128,315
-	-	-	-	-	7,247
136,265	369,563	22,666	616	-	1,268,878
136,265	369,563	22,666	616	-	1,989,590
(132,575)	(357,470)	(22,666)	(616)	1,974	1,867,922
437,037	900,000	25,000	-	-	2,416,615
-	-	-	(17,593)	-	(1,681,678)
437,037	900,000	25,000	(17,593)	-	734,937
304,462	542,530	2,334	(18,209)	1,974	2,602,859
(98,271)	158,334	155,816	18,209	146,320	973,030
\$ 206,191	\$ 700,864	\$ 158,150	\$ -	\$ 148,294	\$ 3,575,889

**CITY OF LE MARS, IOWA**  
**COMBINING STATEMENT OF NET POSITION**  
**Enterprise Nonmajor Funds**  
**JUNE 30, 2014**

	Business Type Activities			
	Golf Course	Solid Waste	Storm Sewer	Total
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ 373,166	\$ 224,935	\$ 598,101
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	-	23,381	8,932	32,313
Estimated Unbilled Usage	-	23,289	11,238	34,527
Due from Other Governmental Agencies	13,751	-	-	13,751
Prepaid Assets	2,441	-	-	2,441
Total Current Assets	16,192	419,836	245,105	681,133
Noncurrent Assets:				
Land	290,538	-	-	290,538
Construction in Progress	198,967	-	17,461	216,428
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	2,519,208	57,041	990,117	3,566,366
Total Noncurrent Assets	3,008,713	57,041	1,007,578	4,073,332
<b>Total Assets</b>	3,024,905	476,877	1,252,683	4,754,465
<b>LIABILITIES</b>				
Accounts Payable	8,295	18,752	544	27,591
Due to Other Funds	17,711	-	-	17,711
Unearned Revenue	4,350	-	-	4,350
Total Current Liabilities	30,356	18,752	544	49,652
Noncurrent Liabilities:				
Due within one year:				
Capital Lease	10,864	7,834	-	18,698
Due in more than one year:				
Capital Lease	15,122	25,627	-	40,749
Total Noncurrent Liabilities	25,986	33,461	-	59,447
<b>Total Liabilities</b>	56,342	52,213	544	109,099
<b>NET POSITION</b>				
Net Investment in Capital Assets	2,982,727	23,580	1,007,578	4,013,885
Unrestricted	(14,164)	401,084	244,561	631,481
<b>Total Net Position</b>	\$ 2,968,563	\$ 424,664	\$ 1,252,139	\$ 4,645,366

**CITY OF LE MARS, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**Enterprise Nonmajor Funds**  
**For the Year Ended June 30, 2014**

	Business Type Activities			
	Golf Course	Solid Waste	Storm Sewer	Total
<b>Operating Revenues:</b>				
Charges for Services	\$ 347,357	\$ 589,770	\$ 212,229	\$ 1,149,356
<b>Total Operating Revenue</b>	<b>347,357</b>	<b>589,770</b>	<b>212,229</b>	<b>1,149,356</b>
<b>Operating Expenses:</b>				
Contract Services	211,676	490,519	-	702,195
Supplies	108,046	-	-	108,046
Repairs and Improvements	17,837	6,320	5,889	30,046
Utilities	18,304	-	-	18,304
Miscellaneous	4,287	3,602	-	7,889
Depreciation	121,338	26,862	39,686	187,886
<b>Total Operating Expenses</b>	<b>481,488</b>	<b>527,303</b>	<b>45,575</b>	<b>1,054,366</b>
<b>Operating Income (Loss)</b>	<b>(134,131)</b>	<b>62,467</b>	<b>166,654</b>	<b>94,990</b>
<b>Non-Operating Income (Expense):</b>				
Refunds and Reimbursements	2,498	40	-	2,538
Revenue from Use of Property	26,740	-	-	26,740
Interest Expense	(2,171)	(1,291)	-	(3,462)
Intergovernmental Revenue	19,121	-	-	19,121
<b>Total Non-Operating Income (Expense)</b>	<b>46,188</b>	<b>(1,251)</b>	<b>-</b>	<b>44,937</b>
<b>Income (Loss) before Contributions and Transfers</b>	<b>(87,943)</b>	<b>61,216</b>	<b>166,654</b>	<b>139,927</b>
<b>Contributed Capital</b>	<b>173,965</b>	<b>-</b>	<b>-</b>	<b>173,965</b>
<b>Transfers In</b>	<b>141,516</b>	<b>-</b>	<b>17,593</b>	<b>159,109</b>
<b>Transfers (Out)</b>	<b>(53,037)</b>	<b>(50,000)</b>	<b>-</b>	<b>(103,037)</b>
<b>Change in Net Position</b>	<b>174,501</b>	<b>11,216</b>	<b>184,247</b>	<b>369,964</b>
<b>Net Position - Beginning</b>	<b>2,794,062</b>	<b>413,448</b>	<b>1,067,892</b>	<b>4,275,402</b>
<b>Net Position - Ending</b>	<b>\$ 2,968,563</b>	<b>\$ 424,664</b>	<b>\$ 1,252,139</b>	<b>\$ 4,645,366</b>

**CITY OF LE MARS, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**Enterprise Nonmajor Funds**  
**For the Year Ended June 30, 2014**

	Business Type Activities			
	Golf Course	Solid Waste	Storm Sewer	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash Received from Customers	\$ 333,606	\$ 590,462	\$ 212,381	\$ 1,136,449
Cash Paid to Suppliers for Goods and Services	(398,035)	(501,733)	(5,345)	(905,113)
Other Nonoperating Income	48,359	40	-	48,399
Net Cash Provided (Used) by Operating Activities	(16,070)	88,769	207,036	279,735
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and Construction of Capital Assets	(64,116)	(41,114)	(17,461)	(122,691)
Proceeds from Capital Lease	-	33,461	-	33,461
Interest Paid on Notes and Bonds	(2,171)	(1,291)	-	(3,462)
Net Cash (Used) for Capital and Related Financing Activities	(66,287)	(8,944)	(17,461)	(92,692)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Transfers (To) Other Funds	88,479	(50,000)	17,593	56,072
Due From (To) Other Funds	(6,122)	-	-	(6,122)
Net Cash Provided (Used) for Non-Capital Financing Activities	82,357	(50,000)	17,593	49,950
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Net Increase in Cash and Cash Equivalents	-	29,825	207,168	236,993
Cash and Cash Equivalents at Beginning of Year	-	343,341	17,767	361,108
Cash and Cash Equivalents at End of Year	\$ -	\$ 373,166	\$ 224,935	\$ 598,101
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Net Operating Income (Loss)	\$ (134,131)	\$ 62,467	\$ 166,654	\$ 94,990
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	121,338	26,862	39,686	187,886
Miscellaneous Non-Operating Income	48,359	40	-	48,399
(Increase) Decrease in Assets:				
Accounts Receivable	-	1,386	454	1,840
Estimated Unbilled Usage	-	(694)	(302)	(996)
Prepaid Expenses	(10)	-	-	(10)
Due from Other Governments	(13,751)	-	-	(13,751)
Increase (Decrease) in Liabilities:				
Accounts Payable	(27,625)	(1,292)	544	(28,373)
Capital Lease Payable	(10,250)	-	-	(10,250)
Total Adjustments	118,061	26,302	40,382	184,745
Net Cash Provided (Used) by Operating Activities	\$ (16,070)	\$ 88,769	\$ 207,036	\$ 279,735

CITY OF LE MARS, IOWA  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
Agency Fund  
For the Year Ended June 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<b><u>FLEX</u></b>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 6,855	\$ 34,881	\$ 32,475	\$ 9,261
Total Assets	6,855	34,881	32,475	9,261
<u>Liabilities</u>				
Accounts Payable	6,855	34,881	32,475	9,261
Total Liabilities	\$ 6,855	\$ 34,881	\$ 32,475	\$ 9,261

## CITY OF LE MARS, IOWA

TABLE I

## Principal Taxpayers

TAXPAYER	TYPE OF BUSINESS	1/1/12 VALUATIONS FOR TAXES PAYABLE FY 14	PERCENTAGE OF TOTAL ESTIMATED ACTUAL VALUE
WELLS ENTERPRISES, INC.	ICE CREAM PRODUCTION	\$54,997,205	11.53%
WD 2005 SPE LLC (WELLS CORPORATE)	CORPORATE HEADQUARTERS	23,346,010	4.89%
MID AMERICAN ENERGY	UTILITY COMPANY	15,096,873	3.17%
NOR-AM COLD STORAGE INC.	COLD STORAGE FACILITY	13,758,716	2.88%
BODEANS BAKING COMPANY	COMMERCIAL BAKERY	9,896,710	2.07%
WAL-MART STORES INC.	DISCOUNT RETAIL STORE	8,424,090	1.77%
LE MARS PUBLIC STORAGE	COMMERCIAL STORAGE	5,511,020	1.16%
STEVE SCHUSTER	COMMERCIAL TRUCKING	5,381,375	1.13%
DEAN FOODS	MILK PROCESSING	4,517,110	0.95%
CCS REALTY CO. (CLOVERLEAF)	COLD STORAGE FACILITY	4,421,870	0.93%
	TOTAL	\$145,350,979	30.47%
	ALL OTHERS	331,620,288	69.53%
		<u>\$476,971,267</u>	<u>100.00%</u>

TABLE II

## Computation of Legal Debt Margin

June 30, 2014

2012-13 ACTUAL VALUATION:	\$703,167,664	
LESS: MILITARY EXEMPTION	(935,260)	
	<u>702,232,404</u>	
DEBT LIMIT - 5% OF ESTIMATED ACTUAL VALUATION		\$35,111,620
AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT		
GENERAL OBLIGATION DEBT	6,225,000	
* OTHER DEBT	<u>25,915,771</u>	
	32,140,771	
LESS:		
* REVENUE BONDS/NOTES	<u>25,915,771</u>	
	6,225,000	
AMOUNT AVAILABLE FOR REPAYMENT OF GENERAL OBLIGATION DEBT	<u>966,112</u>	
TOTAL DEBT APPLICABLE TO DEBT LIMIT		<u>5,258,888</u>
LEGAL DEBT MARGIN		<u>\$29,852,732</u>

\*Includes Floyd Valley Hospital (Discrete Component Unit).

**CITY OF LE MARS, IOWA**  
**TABLE III**  
**Miscellaneous Statistics**  
**June 30, 2014**

Date of Incorporation	1881
Date City was Platted	1869
Form of Government	Mayor - Council
Population (2010 Census)	9826
Term of Office:	
Mayor	2
Council Members	4
City Administrator	appointed by Council
Number of Employees:	
Regular Full Time	56
Regular Part Time	8
Fire	24
Ambulance	25
Area in Square Miles	8.54
Miles of Streets	73.75
Percent of Streets Paved	99%
Number of Street Lights	811
Building Permits 2013-2014	104
Total Building Permits Less	
Demolition and Moving	8
New Single and Multi-Family Dwellings	22
Municipal Water System:	
Number of Wells	6
Number of Fire Hydrants	633
Number of Customers	4219
Storage Capacity (Gallons)	2,500,000
Average Daily Consumption (Gallons)	2,550,000
Peak Daily Consumption (Gallons)	5,150,000
Miles of Water Main	78
Sewer System:	
Miles of Sanitary Sewer	56
Miles of Storm Sewer	11
Number of Sanitary Sewer Customers	4,051
Average Daily Sewer Usage (Gallons)	1,801,000
Peak Load (Gallons)	4,886,000
Design Flow	42,149 lbs per day
Number of Lift Stations	10
Number of Treatment Plants	2
Culture and Recreation:	
Number of Parks	18
Number of Libraries	1
Number of Volumes	41,548
Golf Courses (27 Holes)	1
Swimming Pools	2
Tennis Courts	7
Campgrounds	1
Softball / Baseball Fields	11
Theatre	2
Art Center	1
Recreation Building	1
Fire Stations	2
Police Stations	1
Airports	1
Convention Center	1



**CITY OF LE MARS, IOWA**  
**Schedule of Findings**  
**Year Ended June 30, 2014**

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**Part I: Summary of the Independent Auditors' Results**

- (a) An unmodified opinion was issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.

**Part II: Findings Related to the Financial Statements:**

**Instances of Non-Compliance:**

No matters were noted.

**Material Weakness:**

**II-A-14    Financial Reporting**

Observation - During the audit, we identified material amounts of receivables, payables and capital asset additions not identified by the City. Adjustments were subsequently made by the City to properly include these amounts in the financial statements.

Recommendation - The City should implement procedures to ensure all receivables, payables and capital asset additions are identified and included in the City's financial statements.

Response - We will review these transactions in the future to avoid any missing receivables, payables and capital assets.

Conclusion - Response accepted.

**Part III: Other Findings Related to Statutory Reporting:**

III-A-14 - Certified Budget - Disbursements during the year ended June 30, 2014 exceeded the amounts budgeted in the community and economic development function.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response Accepted.

III-B-14 - Questionable Expenditures - We noted no questionable expenditures during our audit.

III-C-14 - Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

**CITY OF LE MARS, IOWA**  
**Schedule of Findings**  
**Year Ended June 30, 2014**

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**Part III: Other Findings Related to Statutory Reporting (Continued):**

III-D-14 - Business Transactions - Business transactions between the City and City officials and/or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction/Description</u>	<u>Amount</u>	
Greg Smidt, City of Le Mars, Police Officer	Labor, Material	\$1,559	(2)
Gus Pech Manufacturing Co., Inc., Cris Collins, President, spouse of employee	Supplies	\$4,882	(2)
Mother Nature Greenhouse, Owned by spouse of Employee, Gayle Sitzmann	Plants	\$2,643	(2)
Motor Inn, Owned by Spouse of Ambulance Employee, Jolynn Ohm	Vehicles and Repair	\$55,416	(2)
R&R Enterprises Employee, Dale Reichle	Grave work	\$18,550	(2)
The Education Station, Owned by Ambulance Employee, John MacGregor	Supplies	\$609	(1)
Roger Weishaar, City of Le Mars, Employee	Crop damage	\$9,002	(2)

- (1) The transaction does not appear to represent a conflict of interest since the total transaction was less than \$1,500 during the year, per Chapter 362.5(3)(j) of the code of Iowa.
- (2) This transaction may represent a conflict of interest and the City should contact legal counsel for determination.

During the year, the City entered into three agreements to exchange land held by the City for land surrounding the wastewater treatment plant and solid waste handling site. This exchange occurred between the City and the following related parties:

<u>Name</u>	<u>Title &amp; Business Connection</u>
Roger & Sharon Weishaar	Roger is an employee of the City of Le Mars, Sharon is related to Scott Langel, City Administrator
Roman Langel	Relation to Scott Langel, City Administrator
Dave Langel	Relation to Scott Langel, City Administrator

The transactions may represent a conflict of interest. The City as well as the parties mentioned above were all represented by their selected legal counsel in facilitating this transaction.

III-E-14 - Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. However, we recommend that the amount of coverage be reviewed annually to insure that the coverage is adequate for current operations.

III-F-14 - Council Minutes - We noted no transactions requiring approval which had not been approved by the Council.

III-G-14 - Revenue Bonds - No violations of revenue bond resolutions were noted.

III-H-14 - Deposits and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

IV-I-14 - Urban Renewal Annual Report - The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed in Accordance With  
Government Auditing Standards**

Honorable Members of the City Council  
City of Le Mars, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the CITY OF LE MARS, IOWA as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 9, 2015. Our report includes a reference to other auditors who audited the financial statements of Floyd Valley Municipal Hospital, as described in our report on the City of Le Mars's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Le Mars's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Le Mars's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Le Mars's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings as item II-A-14 to be a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Le Mars's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

## **City of Le Mars's Response to Findings**

The City of Le Mars's response to the findings identified in our audit is described in the accompanying schedule of findings. The City of Le Mars's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

This purpose of this is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City during the course of our audit.

If you have any questions concerning the above matters, we would be pleased to discuss them with you at your convenience.

*Williams & Company, P.C.*  
Certified Public Accountants

Le Mars, Iowa  
March 9, 2015